

THE NATIONAL ARCHIVES
LITTERA SCRIPTA MANET
OF THE UNITED STATES
1934

FEDERAL REGISTER

VOLUME 2 NUMBER 237

Washington, Wednesday, December 8, 1937

PRESIDENT OF THE UNITED STATES.

EXECUTIVE ORDER

EXCUSING FEDERAL EMPLOYEES FROM DUTY ON DECEMBER 24, 1937

By virtue of and pursuant to the authority vested in me as President of the United States, it is hereby ordered as follows:

1. The several executive departments, independent establishments, and other governmental agencies in the District of Columbia, including the Government Printing Office and the Navy Yard and Naval Stations, shall be closed all day on Friday, December 24, 1937, the day preceding Christmas Day; and all employees in the Federal service in the District of Columbia, and in the field service of the executive departments, independent establishments, and other agencies of the Government, except those who may for special public reasons be excluded from the provisions of this order by the heads of their respective departments, establishments, or agencies, or those whose absence from duty would be inconsistent with the provisions of existing law, shall be excused from duty on that day.

2. This order shall be published in the *FEDERAL REGISTER*.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 6, 1937.

[No. 7763]

[F.R. Doc. 37-3554; Filed, December 7, 1937; 2:12 p. m.]

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 49277]

CONVERSION OF BRAZILIAN MILREIS

CONVERSION OF BRAZILIAN MILREIS FOR THE PURPOSE OF THE ASSESSMENT OF DUTIES ON MERCHANDISE IMPORTED INTO THE UNITED STATES

DECEMBER 6, 1937.

To Collectors of Customs and Others Concerned:

Reference is made to the instructions published in Treasury Decisions 48467 of August 8, 1936, and 48553 of October 5, 1936, regarding the collection of duties in cases involving the conversion of Brazilian milreis.

In the case of merchandise exported to the United States on or after November 18, 1937, and until further notice, if it is necessary to convert Brazilian milreis into currency of the United States for the purpose of assessing and collecting duties on such merchandise, collectors of customs are

hereby directed to suspend liquidation of the involved entries. In all other respects, the instructions set forth in T. D. 48467,¹ as modified by T. D. 48553,² shall be followed.

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.

[F. R. Doc. 37-3552; Filed, December 7, 1937; 12:51 p. m.]

[T. D. 49278]

CONVERSION OF CURRENCY—CHILEAN PESO

CONVERSION OF CHILEAN PESO FOR THE PURPOSE OF THE ASSESSMENT OF DUTIES ON MERCHANDISE IMPORTED INTO THE UNITED STATES

DECEMBER 6, 1937.

To Collectors of Customs and Others Concerned:

Reference is made to the certification of the daily buying rates for foreign currencies by the Federal Reserve Bank of New York to the Secretary of the Treasury, as provided by section 522 (c) of the Tariff Act of 1930 (U. S. C., title 31, sec. 372 (c)). Beginning on November 30, 1937, the Federal Reserve Bank of New York has included in each list of buying rates, forwarded to the Secretary of the Treasury, two rates for the Chilean peso, designated respectively "official" and "export."

If, for the purpose of the assessment and collection of duties on merchandise imported into the United States, it is necessary to convert Chilean pesos into currency of the United States, collectors of customs are hereby directed, in connection with entries of merchandise exported on or after November 30, 1937, and pending the receipt of further instructions from the Department, to require the deposit of estimated duties in an amount determined by the use of the value appearing opposite the word "official" in the list of rates above referred to, and to suspend liquidation of all such entries.

Appraising officers shall report promptly and in full to the Bureau of Customs the facts in regard to the appraisement of any merchandise exported on or after November 30, 1937, in connection with which the conversion of Chilean pesos into United States currency may be necessary or appropriate.

For the present only that rate for the Chilean peso which is to be used in estimating duties in accordance with these instructions will appear in the weekly pamphlets and bound volumes of the Treasury Decisions.

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.

[F. R. Doc. 37-3553; Filed, December 7, 1937; 12:51 p. m.]

¹ 1 F. R. 1057.

² 1 F. R. 1543.



Published by the Division of the Federal Register, The National Archives, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. L. 500), under regulations prescribed by the Administrative Committee, with the approval of the President.

The Administrative Committee consists of the Archivist or Acting Archivist, an officer of the Department of Justice designated by the Attorney General, and the Public Printer or Acting Public Printer.

The daily issue of the FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for \$1 per month or \$10 per year; payable in advance. Remit by money order payable to Superintendent of Documents, Government Printing Office, Washington, D. C.

Correspondence concerning the publication of the FEDERAL REGISTER should be addressed to the Director, Division of the Federal Register, The National Archives, Washington, D. C.

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Bureau of Internal Revenue.

[T. D. 4780]

WEIGHTS FOR TESTING SCALES

To District Supervisors and Others Concerned:

Pursuant to authority conferred by Section 3249 Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1157), the following regulations are prescribed:

1. Proprietors of distilleries; fruit distilleries; internal revenue bonded warehouses; industrial alcohol plants; alcohol bonded warehouses; denaturing plants; rectifying plants which taxpay rectified products in packages; and bonded wineries which receive brandy in packages for fortification and/or taxpay wine by weight, will provide, at their own expense, a set of ten 50-pound cast iron test weights, which shall be certified by the National Bureau of Standards or State Departments of Weights and Measures as conforming with Class "C" requirements of the National Bureau of Standards. If the proprietor operates one or more of the enumerated establishments on the same or contiguous premises, only one set of test weights need be provided.

2. Test weights now in the possession of proprietors which conform to the requirements of this regulation, may be continued in use provided that such weights are certified by the National Bureau of Standards or State Departments of Weights and Measures as accurate.

3. The test weights shall be placed under the control and in the custody of the storekeeper-gaugers in charge, and will be used frequently by such officers to check all scales used in the plant or warehouse.

GUY T. HELVERING,

Commissioner of Internal Revenue.

Approved December 3, 1937,

ROSWELL MAGILL,

Acting Secretary of the Treasury.

[F. R. Doc. 37-3551; Filed, December 7, 1937; 12:51 p. m.]

DEPARTMENT OF THE INTERIOR.

National Bituminous Coal Commission.

[Order No. 108]

AN ORDER DETERMINING AND ESTABLISHING INITIAL CLASSIFICATIONS OF COALS OF CODE MEMBERS WITHIN DISTRICT NUMBER NINETEEN AS PROVIDED BY COMMISSION'S ORDERS NO. 38 AND NO. 43, AND SECTION 4, PART II, SUBSECTION (A) OF THE BITUMINOUS COAL ACT OF 1937

The National Bituminous Coal Commission having by its Orders No. 38¹ and No. 43² directed all District Boards to propose to the Commission initial classifications of coals of code members within their respective districts in conformity with the standards, methods of applying such standards, and rules of procedure prescribed by the Commission in said orders; the Bituminous Coal Producers Board for District Number Nineteen having proposed to the Commission initial classifications of coals of code members and a hearing having been held thereon; and Bituminous Coal Producers Board for District Number Nineteen having submitted evidence at such hearing showing compliance with the standards of classifications of coals, methods of applying such standards, and rules of procedure, as prescribed by the Commission in its Orders No. 38 and No. 43; and, the Commission having given due consideration to the proposed initial classifications of coals by Bituminous Coal Producers Board for District Number Nineteen and to other evidence and pertinent data relating to the classifications of coals for District Number Nineteen:

Now, therefore, pursuant to Act of Congress entitled "An Act to regulate interstate commerce in bituminous coal, and for other purposes" (Public, No. 48, 75th Cong., 1st sess.), known as the Bituminous Coal Act of 1937, the National Bituminous Coal Commission hereby orders:

1. That the classifications of coals of code members for District Number Nineteen, set out preceding the names of code members and their respective mines as the same appear in the Schedule of Initial Classifications of Coals of Code Members within District Number Nineteen, filed this day in the office of the Secretary of the Commission and made a part hereof by reference as though fully set forth herein, shall be and hereby are determined and established as the initial classifications of coals for code members within the said District Number Nineteen and such classifications shall be effective until further order of this Commission.

2. That all proceedings for reclassifications of coals shall be made and conducted in conformity with the provisions of Order No. 38, as amended by Order No. 43, and all proceedings for additional initial classifications shall be had in conformity with orders now in effect or hereafter issued.

3. That nothing herein contained shall affect any proceeding now pending before District Board Number Nineteen or the Commission involving a revision of the initial classifications of coals of any code member.

That the Secretary of the Commission shall forthwith mail copies of this order and Schedule of Initial Classifications of Coals for Code Members within District Number Nineteen to the Consumers' Counsel, the Secretary of Bituminous Coal Producers Board for District Number Nineteen and to code members within said district, and shall cause to be published a copy of this order in the FEDERAL REGISTER.

By order of the Commission.

Dated this 6th day of December, 1937.

[SEAL]

F. WITCHER McCULLOUGH, *Secretary*.

[F. R. Doc. 37-3548; Filed, December 7, 1937; 10:47 a. m.]

¹ 2 F. R. 1688 (DI).

² 2 F. R. 2149 (DI).

[Order No. 109]

AN ORDER DETERMINING AND ESTABLISHING INITIAL CLASSIFICATIONS OF COALS OF CODE MEMBERS WITHIN DISTRICT NUMBER TWENTY AS PROVIDED BY COMMISSION'S ORDERS NO. 38 AND NO. 43, AND SECTION 4, PART II, SUBSECTION (A) OF THE BITUMINOUS COAL ACT OF 1937

The National Bituminous Coal Commission having by its Orders No. 38¹ and No. 43² directed all District Boards to propose to the Commission initial classifications of coals of code members within their respective districts in conformity with the standards, methods of applying such standards, and rules of procedure prescribed by the Commission in said orders; the Bituminous Coal Producers Board for District Number Twenty having proposed to the Commission initial classifications of coals of code members and a hearing having been held thereon; and Bituminous Coal Producers Board for District Number Twenty having submitted evidence at such hearing showing compliance with the standards of classifications of coals, methods of applying such standards, and rules of procedure, as prescribed by the Commission in its Orders No. 38 and No. 43; and, the Commission having given due consideration to the proposed initial classifications of coals by Bituminous Coal Producers Board for District Number Twenty and to other evidence and pertinent data relating to the classifications of coals for District Number Twenty:

Now, therefore, pursuant to Act of Congress entitled "An Act to regulate interstate commerce in bituminous coal, and for other purposes" (Public, No. 48, 75th Cong., 1st sess.), known as the Bituminous Coal Act of 1937, the National Bituminous Coal Commission hereby orders:

1. That the classifications of coals of code members for District Number Twenty, set out preceding the names of code members and their respective mines as the same appear in the Schedule of Initial Classifications of Coals of Code Members within District Number Twenty, filed this day in the office of the Secretary of the Commission and made a part hereof by reference as though fully set forth herein, shall be and hereby are determined and established as the initial classifications of coals for code members within the said District Number Twenty and such classifications shall be effective until further order of this Commission.

2. That all proceedings for reclassifications of coals shall be made and conducted in conformity with the provisions of Order No. 38, as amended by Order No. 43, and all proceedings for additional initial classifications shall be had in conformity with orders now in effect or hereafter issued.

3. That nothing herein contained shall affect any proceeding now pending before District Board Number Twenty or the Commission involving a revision of the initial classifications of coals of any code member.

That the Secretary of the Commission shall forthwith mail copies of this order and Schedule of Initial Classifications of Coals for Code Members within District Number Twenty to the Consumers' Counsel, the Secretary of Bituminous Coal Producers Board for District Number Twenty and to code members within said district, and shall cause to be published a copy of this order in the FEDERAL REGISTER.

By order of the Commission.

Dated this 6th day of December, 1937.

[SEAL]

F. WITCHER McCULLOUGH, *Secretary*.

[F. R. Doc. 37-3549; Filed, December 7, 1937; 10:47 a. m.]

¹ 2 F. R. 1688 (DI).

² 2 F. R. 2149 (DI).

[Order No. 110]

AN ORDER DETERMINING AND ESTABLISHING INITIAL CLASSIFICATIONS OF COALS OF CODE MEMBERS WITHIN DISTRICT NUMBER TWENTY-THREE AS PROVIDED BY COMMISSION'S ORDERS NO. 38 AND NO. 43, AND SECTION 4, PART II, SUBSECTION (A) OF THE BITUMINOUS COAL ACT OF 1937

The National Bituminous Coal Commission having by its Orders No. 38¹ and No. 43² directed all District Boards to propose to the Commission initial classifications of coals of code members within their respective districts in conformity with the standards, methods of applying such standards, and rules of procedure prescribed by the Commission in said orders; the Bituminous Coal Producers Board for District Number Twenty-three having proposed to the Commission initial classifications of coals of code members and a hearing having been held thereon; and Bituminous Coal Producers Board for District Number Twenty-three having submitted evidence at such hearing showing compliance with the standards of classifications of coals, methods of applying such standards, and rules of procedure, as prescribed by the Commission in its Orders No. 38 and No. 43; and, the Commission having given due consideration to the proposed initial classifications of coals by Bituminous Coal Producers Board for District Number Twenty-three and to other evidence and pertinent data relating to the classifications of coals for District Number Twenty-three:

Now, therefore, pursuant to Act of Congress entitled "An Act to regulate interstate commerce in bituminous coal, and for other purposes" (Public, No. 48, 75th Cong., 1st sess.), known as the Bituminous Coal Act of 1937, the National Bituminous Coal Commission hereby orders:

1. That the classifications of coals of code members for District Number Twenty-three, set out preceding the names of code members and their respective mines as the same appear in the Schedule of Initial Classifications of Coals of Code Members within District Number Twenty-three, filed this day in the office of the Secretary of the Commission and made a part hereof by reference as though fully set forth herein, shall be and hereby are determined and established as the initial classifications of coals for code members within the said District Number Twenty-three and such classifications shall be effective until further order of this Commission.

2. That all proceedings for reclassifications of coals shall be made and conducted in conformity with the provisions of Order No. 38, as amended by Order No. 43, and all proceedings for additional initial classifications shall be had in conformity with orders now in effect or hereafter issued.

3. That nothing herein contained shall affect any proceeding now pending before District Board Number Twenty-three or the Commission involving a revision of the initial classifications of coals of any code member.

That the Secretary of the Commission shall forthwith mail copies of this order and Schedule of Initial Classifications of Coals for Code Members within District Number Twenty-three to the Consumers' Counsel, the Secretary of Bituminous Coal Producers Board for District Number Twenty-three and to code members within said district, and shall cause to be published a copy of this order in the FEDERAL REGISTER.

By order of the Commission.

Dated this 6th day of December, 1937.

[SEAL]

F. WITCHER McCULLOUGH, *Secretary*.

[F. R. Doc. 37-3550; Filed, December 7, 1937; 10:47 a. m.]

¹ 2 F. R. 1688 (DI).² 2 F. R. 2149 (DI).

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

REGULATION T, EXTENSION AND MAINTENANCE OF CREDIT BY BROKERS, DEALERS, AND MEMBERS OF NATIONAL SECURITIES EXCHANGES

AMENDMENT NO. 11 OF REGULATION T—EFFECTIVE DECEMBER 6, 1937

On December 3, 1937, the Board of Governors of the Federal Reserve System adopted the following resolution:

Be it resolved, That, effective December 6, 1937, Regulation T, as amended, is further amended by adding at the end thereof after section 12 a new section reading as follows:

"Section 13. Special Commodity Account

"Notwithstanding any other provision of this regulation:

"(a) In a special commodity account recorded separately, a creditor may effect and carry for any customer transactions in commodities, and such a special account when so recorded shall be excluded from all calculations involving any combined account or any other special account; and

"(b) On or before December 31, 1937, the creditor shall transfer to the special commodity account of a customer from the combined account and from any other special account of such customer (1) all open trades or contracts in commodities carried in such combined account or such other special account, together with (2) funds in an amount equal to the amount of margin customarily required by the creditor on all such open trades or contracts so transferred plus any net loss on such open trades or contracts OR minus any net profit (not exceeding such margin) on such open trades or contracts.

"A special commodity account established pursuant to this section shall not be used in any way for the purpose of evading or circumventing any of the provisions of this regulation. If a customer has with a creditor both a combined account and such a special commodity account, the creditor shall treat the special commodity account as if the customer had with the creditor no combined account."

[SEAL]

S. R. CARPENTER,
Assistant Secretary.

[F. R. Doc. 37-3542; Filed, December 7, 1937; 9:35 a. m.]

FEDERAL HOME LOAN BANK BOARD.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL HOME LOAN BANKS

EXAMINATIONS AND APPRAISALS OF MEMBER INSTITUTIONS WHICH A BANK OR THE BOARD MAY CONSIDER NECESSARY FROM TIME TO TIME

Be it resolved, That pursuant to authority vested in the Federal Home Loan Bank Board by Section 17 of the Federal Home Loan Bank Act (12 U. S. C. 1437), the paragraph numbered (5) of Exhibit "E" of the Rules and Regulations for Federal Home Loan Banks is hereby amended to read as follows:

"(5) If admitted to membership, it will submit to such examinations and appraisals as the said bank and/or Federal Home Loan Bank Board may consider necessary from time to time, and will pay the cost thereof, as computed by said Board, including overhead, per diem, and travel expense."

Adopted by the Federal Home Loan Bank Board on December 6, 1937.

[SEAL]

R. L. NAGLE, *Secretary*.

[F. R. Doc. 37-3546; Filed, December 7, 1937; 10:26 a. m.]

Home Owners' Loan Corporation.

AMENDING SECTION 602 (c) OF THE LEGAL CHAPTER (CHAPTER VI) OF THE MANUAL

CHANGING THE PROCEDURE FOR THE REQUIRING OF RECEIPTS

Be it resolved, That pursuant to the authority vested in the Board by Home Owners' Loan Act of 1933 (48 Stat. 128, 129) as amended by Sections 1 and 13 of the Act of April 27, 1934 (48 Stat. 643-647) and particularly by Sections 4-a and 4-k of said Act as amended, Section 602 (c) of the Manual is hereby amended as follows:

"SEC. 602 (c). Where the payment of any such fees or expenses is made by a salaried attorney, fee attorney, title company or trustee, an itemized statement covering such disbursements, certified to by any such attorney, title company or trustee, shall, when approved by the General Counsel, be accepted by the Auditor as sufficient evidence of the disbursement for the purpose of reimbursing the attorney, title company or trustee by whom the monies were paid or as settlement for funds advanced. Where the payment of any such fees or expenses is made by other than an attorney, title company or trustee, a properly certified voucher, or approval by the General Counsel, supported by receipts for all funds actually expended shall be accepted by the Auditor either as sufficient evidence of the disbursement for the purpose of reimbursing the individual payer or as settlement for funds advanced. The statement of the General Counsel as to the reason for the absence of any receipts, exclusive of tax receipts, shall be accepted by the Auditor in lieu thereof."

Adopted by the Federal Home Loan Bank Board on December 6, 1937.

[SEAL]

R. L. NAGLE, *Secretary*.

[F. R. Doc. 37-3547; Filed, December 7, 1937; 10:26 a. m.]

FEDERAL POWER COMMISSION.

Commissioners: Clyde L. Seavey, Acting Chairman; Claude L. Draper, Basil Manly, John W. Scott.

[Docket No. DI-131]

IN RE DECLARATION OF INTENTION OF PLATTE VALLEY PUBLIC POWER AND IRRIGATION DISTRICT

ALLOWING INTERVENTION AND POSTPONING AND CHANGING PLACE OF HEARING

Upon joint petition filed December 2, 1937, by Platte Valley Water Users Association, Cozad Ditch Company, and South Side Irrigation District (hereinafter referred to as the "Petitioners"), for leave to intervene in the proceedings with respect to the Declaration of Intention filed January 5, 1934, and supplemented July 6, 1936, by Platte Valley

Public Power and Irrigation District, and answering the petition of intervention heretofore filed May 14, 1937, by The Central Nebraska Public Power and Irrigation District;

The Commission, having considered said joint petition and the record of proceedings had with reference to said Declaration of Intention, finds:

Said Petitioners have made a prima facie showing of such an interest as entitles them to intervene and be heard in the proceedings in said Declaration of Intention;

And the Commission orders:

(1) That the intervention of said Petitioners be and it hereby is allowed;

(2) That the public hearing on the above matter heretofore ordered to be held on December 8, 1937,¹ at 10 a. m. in the Hurley-Wright Building, 1800 Pennsylvania Avenue N. W., Washington, D. C., by the Commission's order of November 9, 1937, be and the same hereby is postponed and the same shall be held on February 7, 1938, at 10 a. m. in the Court Room, Post Office Building, Grand Island, Nebraska, for the purposes specified in said order of November 9, 1937, and for the further purpose of permitting the introduction of evidence with respect to said joint petition of intervention.

Adopted by the Commission on December 3, 1937.

[SEAL]

LEON M. FUQUAY, *Secretary*.

[F. R. Doc. 37-3544; Filed, December 7, 1937; 9:45 a. m.]

Commissioners: Clyde L. Seavey, Acting Chairman; Claude L. Draper, Basil Manly, John W. Scott.

[Project No. 708]

APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY FOR AMENDMENT OF LICENSE

ORDER POSTPONING HEARING ON ANNUAL CHARGES

Upon request filed by Pacific Gas and Electric Company for postponement of the hearing scheduled to begin at 10 a. m. on December 7, 1937,² upon the matter of the fixing of the power capacity of Project No. 708, license for which is held by Pacific Gas and Electric Company, the annual charges due under said license and upon a recomputation of such annual charges;

It is ordered:

That said hearing be postponed to February 14, 1938, at such place as shall be hereafter designated by the Commission.

Adopted by the Commission on December 6, 1937.

[SEAL]

LEON M. FUQUAY, *Secretary*.

[F. R. Doc. 37-3545; Filed, December 7, 1937; 9:45 a. m.]

¹ 2 F. R. 2884 (DI).² 2 F. R. 2933 (DI).

INTERSTATE COMMERCE COMMISSION.

ACCOUNTING SYSTEMS FOR MOTOR CARRIERS

NOTICE

DECEMBER 3, 1937.

To all concerned:

The Commission has adopted orders prescribing for Class I motor carriers, both bus and truck, accounting systems to be put into effect on January 1, 1938. Class I carriers are those having average gross revenues of \$100,000 or over annually for the 3 years preceding the effective date. The Commission regards it as unwise to impose accounting systems on the smaller Class II and III carriers until it has funds which will permit it to appoint and locate in the field offices of the Bureau of Motor Carriers accountants who can advise and help the carriers put such systems into effect, and until it is satisfied that the system which it contemplates for the Class III carriers is sufficiently simple to be practicable. It is believed, however, that the larger Class I carriers can comply without much difficulty with the requirements proposed, and it is known that many of them now have very similar systems in effect.

The accounting classifications prescribed differ in the treatment of some matters from the railroad classifications which the Commission has prescribed. It is deemed desirable to find out how these differences will work out in actual practice, and it is realized that experience may show need for changes as to these and other matters. The results will be watched as carefully as possible. The *unit* instead of the *group* plan of depreciation has been temporarily adopted for certain classes of property for practical reasons, but this is not to be regarded as an abandonment of the *group* principle which the Commission has followed in prescribing depreciation accounting for other carriers. It is probable that in time the group plan will be adopted for motor carriers as well.

[SEAL]

W. P. BARTEL, *Secretary*.

[F. R. Doc. 37-3541; Filed, December 6, 1937; 12:38 p. m.]

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS I COMMON AND CONTRACT MOTOR CARRIERS OF PASSENGERS

ISSUE OF 1937—EFFECTIVE JANUARY 1, 1938

Carroll Miller, Chairman; Balthasar H. Meyer, Clyde B. Aitchison, Joseph B. Eastman, Frank McManamy, Claude R. Porter, William E. Lee, Charles D. Mahaffie, Walter M. W. Splawn, Marion M. Caskie, John L. Rogers; W. P. Bartel, Secretary.

ORDER

At a General Session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 29th day of November, A. D. 1937.

The subject of a Uniform System of Accounts to be prescribed for Class I common or contract motor carriers of passengers, subject to the Motor Carrier Act, 1935, being under consideration:

It is ordered, That the Uniform System of Accounts and the text pertaining thereto, hereafter known as Issue of 1937, a copy of which is now before the Commission, be, and is hereby approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, be filed in the office of the Bureau of Motor Carriers; and that each file of said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said Uniform System of Accounts be, and is hereby, prescribed for the use of Class I common or contract motor carriers of passengers, subject to the provisions of the Motor Carrier Act, 1935, in the keeping and recording of their accounts; that each and every such carrier and each and every receiver, trustee, executor, administrator or assignee of such motor carrier be required to keep

all accounts in conformity therewith; and that a copy of said Issue of 1937, be sent to each and every such motor carrier and to each and every receiver, trustee, executor, administrator or assignee of such motor carrier.

It is further ordered, That for the purpose of applying the system of accounts for motor carriers subject to the Motor Carrier Act, 1935, Class I carriers shall include each carrier having average gross revenues of \$100,000 or over annually from its motor carrier operations; and that such average revenues shall be determined by the average of its annual gross revenues from motor carrier operations for the three years immediately preceding the effective date of this system of accounts.

It is further ordered, That the date on which the said Issue of 1937 of the Uniform System of Accounts shall become effective be, and is hereby, fixed on January 1, 1938.

Dated at Washington, D. C., this 29th day of November, A. D. 1937.

By the Commission.

[SEAL]

W. P. BARTEL, *Secretary*.

UNIFORM SYSTEM OF ACCOUNTS FOR MOTOR CARRIERS

This uniform system of accounts for motor carriers is issued and prescribed under the following provisions of the Motor Carrier Act, 1935:

Sec. 204. (a) It shall be the duty of the Commission—

(1) To regulate common carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to continuous and adequate service, transportation of baggage and express, uniform systems of accounts, records, and reports, preservation of records, qualifications and maximum hours of service of employees, and safety of operation and equipment.

(2) To regulate contract carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to uniform systems of accounts, records, and reports, preservation of records, qualifications and maximum hours of service of employees, and safety of operation and equipment.

(4) To regulate brokers as provided in this part, and to that end the Commission may establish reasonable requirements with respect to licensing, financial responsibility, accounts, records, reports, operations, and practices of any such person or persons.

(c) The Commission may from time to time establish such just and reasonable classifications of brokers or of groups of carriers included in the term "common carrier by motor vehicle", or "contract carrier by motor vehicle", as the special nature of the services performed by such carriers or brokers shall require; and such just and reasonable rules, regulations, and requirements, consistent with the provisions of this part, to be observed by the carriers or brokers so classified or grouped, as the Commission deems necessary or desirable in the public interest.

Sec. 220. (a) The Commission is hereby authorized to require annual, periodical, or special reports from all motor carriers, to prescribe the manner and form in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the Commission may deem information to be necessary. Such reports shall be under oath whenever the Commission so requires. The Commission may also require any motor carrier to file with it a true copy of each or any contract, agreement, or arrangement between such carrier and any other carrier or person in relation to any traffic affected by the provisions of this part, to which he or it may be a party.

Sec. 222 (g) Any motor carrier, or broker, or any officer, agent, employee, or representative thereof who shall willfully fail or refuse to make a report to the Commission as required by this part, or to keep accounts, records, and memoranda in the form and manner approved or prescribed by the Commission, or shall knowingly and willfully falsify, destroy, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor and upon conviction thereof be subject for each offense to a fine of not less than \$100 and not more than \$5,000.

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued", as applied to securities, means those which have been sold to *bona fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property) so that the purchasers secured them free from control by the issuing carrier, also securities

issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking and other funds.

3. "Actually outstanding", as applied to securities issued or assumed by the carrier, means those which have been actually issued and are neither retired nor held by or for the carrier; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. "Addition" means structures, facilities, or equipment added to those in service and not taking the place of anything previously existing.

5. "Amortization" means the gradual extinguishment of an amount in an account by prorating such amount over either a fixed period dependent on the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

6. (a) "Associated companies" means companies or persons that directly or indirectly, through one or more intermediaries, control or are controlled by, or are under common control with the accounting carrier.

(b) "Control" (including the terms "controlling", "controlled by", and "under common control") as used herein, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, firm or corporation, whether through the ownership of voting securities, by contract or otherwise. If in any instance the existence of control is or may be open to reasonable doubt, the carrier shall report to the Commission all of the material facts pertinent to the possible existence of control.

7. "Betterment" means the enlargement or improvement of existing structures, facilities, and equipment.

8. "Book cost" means the amount at which property is recorded on the books of the carrier without deduction of related reserves.

9. "Carrier" or "motor carrier" includes both a common carrier by motor vehicle and a contract carrier by motor vehicle, subject to the Motor Carrier Act, 1935.

10. "Carrier operating property" means the property which is used (see definition 40) by the carrier in the conduct of its motor carrier operations or leased to others for such operations, and which has an expectation of life in service of more than one year from date of installation. This includes land, structures, equipment, and facilities necessary for such operations and services incidental thereto.

11. "Company" means any individual, firm, copartnership, corporation, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

12. "Commission" or "the Commission" means the Interstate Commerce Commission.

13. "Contingent Assets" means a possible source of value to the carrier dependent upon the fulfillment of conditions regarded as uncertain.

14. "Contingent Liabilities" means items which may under certain conditions become obligations of the carrier but which are neither direct nor assumed liabilities at the date of the balance sheet.

15. "Cost" means the amount of money actually paid for property or services, or the cash value at the time of the transaction of any consideration other than money.

16. "Cost of removal" means the cost of demolishing, dismantling, tearing down, or otherwise removing operating property, including the cost of transportation and handling incident thereto.

17. "Current Assets" means cash as well as those assets that are readily convertible into cash or are held for current use in operations or construction; current claims against others, payment of which is reasonably assured; and other amounts accruing to the carrier which are subject to settlement within one year from the date of the balance sheet.

18. "Current Liabilities" means those obligations the amount of which is definitely determined or closely esti-

mated which are either matured at the date of the balance sheet or become due within one year from date of issuance or assumption or upon demand, except bonds, equipment and other long-term obligations, receivers' or trustees' certificates, which shall be classed as long-term obligations (see definition 26) regardless of the period for which they are to run.

19. "Date of retirement", as applied to operating property, means the date at which such property is permanently withdrawn from service.

20. "Debt expense" means all expense in connection with the issuance and sale of evidences of long-term debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds, certificates of indebtedness, and other evidences of debt; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing evidences of debt; fees and expenses of listing on exchanges; and other like costs.

21. "Delayed items" means items relating to transactions which occurred before the current calendar year. It includes adjustments of errors in the income, operating revenue, and operating expense accounts of prior years.

22. "Depreciation", as applied to depreciable operating property, means the loss in service value (see definition 37) not restored by current maintenance, incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, changes in the art, inadequacy, changes in demand, and requirements of public authority.

NOTE A.—Unit Plan means the plan under which depreciation charges are computed and the records maintained so that the total amount of depreciation accrued applicable to each unit can be determined.

NOTE B.—Group Plan means the plan under which depreciation charges are accrued upon the basis of the sum total of the book cost balances at the close of each month (or four-week period) of all property included in each account or sub-division thereof, at rates determined from the average service life of the property included therein, and upon the retirement of any such property its full service value is charged to the depreciation reserve whether or not the particular item has attained the average service life.

23. "Discount", as applied to securities issued or assumed by the carrier, means the excess of the par or face value of the securities, plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from the sale.

24. "District Operating Unit" means all or any portion of a route or routes covered by a certificate of convenience and necessity or a permit and operated as a separate entity, including the physical property used in the operation thereof.

25. "Joint facility" means any property occupied or used jointly by the carrier and one or more other carriers under a definite arrangement whereby the costs are shared between the parties to the joint agreement. Portions of a structure or other property used exclusively by each of two or more carriers are not joint facilities.

26. "Long-term obligations" means obligations having a life of more than one year from date of creation or assumption, and all unmatured bonds and receivers' or trustees' certificates.

27. "Mileage method", as applied to depreciation of vehicles, means the plan under which the service value is charged to depreciation expenses and credited to depreciation reserves at a fixed rate per mile run.

28. "Minor items", as applied to carrier operating property (see definition 10), means the associated parts or elements of which units of property (see definition 39) are composed. (See instruction 21 C.)

29. "Net book cost", when applied to property, means the book cost (see definition 8) less related depreciation and amortization reserves.

30. "Net salvage value" means the salvage value (see definition 35) of property retired after deducting the cost of removal.

31. "Nominally issued", as applied to securities issued or assumed by the carrier, means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the carrier, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

32. "Premium", as applied to securities issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of sale.

33. "Property retired", as applied to operating property, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

34. "Replacing" or "replacement", when not otherwise indicated in the context, means the acquisition, construction, or installation of property in place of property of like purpose retired, together with the removal of the property retired.

35. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recovered is chargeable to account 1180, Material and Supplies, or other appropriate account.

36. "Service life" means the period between the date when carrier operating property (see definition 10) is placed in service and the date of its retirement. (See definition 33.)

37. "Service value" means the difference between the book cost (see definition 8) and the net salvage value (see definition 30) of carrier operating property.

38. "Straight-line method", as applied to depreciation accounting, means the plan under which the service value (see definition 37) of property is charged to depreciation expenses or other appropriate accounts and credited to the depreciation reserves through equal periodic charges as nearly as may be during its service life.

39. "Unit of Property", for the purpose of this system of accounts, means any item of property which on sale, abandonment, disposal or replacement is written out of the property accounts as provided for in instruction 21.

40. "Used", as applied to operating property, means actually and necessarily in current service or ready for and reasonably required to be currently held for future service.

INSTRUCTIONS

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1. *Classification of carriers.*—A. For the purpose of prescribing Uniform Systems of Accounts for common or contract motor carriers subject to the Motor Carrier Act, 1935, carriers are grouped into the following three classes:

Class I. Carriers having average gross operating revenues (including interstate and intrastate) of \$100,000 or over annually, from motor carrier operations.

Class II. Carriers having average gross operating revenues (including interstate and intrastate) of \$25,000 or over, but under \$100,000 annually, from motor carrier operations.

Class III. Carriers having average gross operating revenues (including interstate and intrastate) of less than \$25,000 annually, from motor carrier operations.

B. Class I carriers shall keep all the accounts prescribed herein, where applicable. Separate systems of accounts will be prescribed for Class II and Class III carriers.

C. In order that frequent changes may be avoided, the class to which any carrier belongs may be determined by the average of its annual gross operating revenues for the three years immediately preceding the effective date of this system of accounts. If, at the end of any calendar year following, the average of its annual gross operating revenues for the three preceding years is greater than the maximum for the class in which the carrier has been grouped, it shall automatically be grouped in the higher class in which it falls because of such increased annual revenues. Any carrier engaged in new undertakings, the annual revenue from which is not known in advance, shall be classed in accordance with a reasonable estimate of its prospective revenues.

D. Any carrier may, at its option, place itself in any group higher than the one in which it falls on the basis of its average annual gross operating revenues. Notice of such action shall be promptly filed with the Commission.

2. *Records.*—A. All the accounts defined in this system of accounts must be kept by the double entry method. Each carrier shall keep its general accounting books and all other books, records and memoranda which support in any way the entries to such accounting books and analyses of general ledger account balances so that it can furnish at any time full information as to any account. Moreover, it shall support each entry to each account with such detailed information as will provide a ready analysis and verification of the facts recorded therein. All expenditures must be definitely supported by vouchers, pay rolls, receipted bills, cancelled checks, receipts for petty cash payments, or other evidences of the expenditures incurred.

B. The books referred to herein include not only books of account in a limited technical sense but all other records such as minute books, stock books, reports, correspondence, memoranda, etc., which will be useful in developing the history of or facts regarding any transaction.

C. Carriers shall not destroy any books, records, memoranda, etc., which support entries to its accounts unless the destruction thereof is specifically provided for in the Regulations to Govern the Preservation of Records of Motor Carriers and Brokers.

D. Subdivisions of any account in this system of accounts may be kept, provided that such subdivisions do not impair the integrity of the accounts prescribed. The Commission reserves the right to order any carrier to subdivide any account in this system of accounts. The title of each such subdivision shall clearly indicate the account of which it is a part. When an account is subdivided in the general ledger, an account need not be maintained for the total of the subdivisions. When such subdivisions are carried in

subsidiary ledgers, however, the general ledger shall contain the controlling accounts therefor so that a complete general ledger trial balance may be obtained.

3. *Accounting period.*—Each carrier shall keep its books on a calendar year basis and for each month (or four-week period) all transactions applicable thereto, as nearly as can be ascertained (see instruction 8) shall be written up, posted to the general ledger and balanced. The final entries for any month (or four-week period) shall be made in the general ledger not later than 60 days after the last day of the accounting period for which the accounts are stated, unless otherwise authorized by the Commission, except that the period within which the final entries for the last period in the calendar year shall be made may be extended to such date in the following March as shall not interfere with the preparation and filing of annual reports as required by paragraph (a) of section 220 of the Motor Carrier Act, 1935.

4. *Submission of questions.*—To maintain uniformity of accounting, carriers shall submit all questions of doubtful interpretation to the Commission for consideration and decision.

5. *Item lists, interpretation of.*—Lists of items appearing in the texts of the several accounts are given for the purpose of indicating the application of the prescribed accounting in specific cases. The lists are not to be considered as comprising all items includible in the several accounts, but merely as representative of them. On the other hand, the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

6. *Opening entries.*—As of the effective date of this system of accounts, the accounts prescribed herein shall be opened by appropriately transferring thereto the balances carried in the accounts previously maintained by the carrier. The carrier is authorized to make such subdivisions, reclassifications, consolidations of or additions to such balances as are necessary to meet the requirements of this system of accounts.

7. *Delayed items.*—A. Delayed items (see definition 21) shall be charged or credited to the same accounts which should have been charged or credited if the items had been taken up or adjusted in the period to which they pertain. When the amount of a delayed item is relatively so large that its inclusion in the accounts for a single period would seriously distort those accounts, it may be distributed in equal amounts to the accounts for the current and remaining periods of the calendar year.

B. If the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort those accounts, the amount shall be distributed to the appropriate surplus account.

8. *Unaudited items.*—A. When the amount of any item affecting these accounts can not be accurately determined in time for inclusion in the accounts of the calendar year in which the transaction occurs, the amount of the item shall be estimated and included in the proper accounts. When the item is audited the necessary adjustments shall be made through the accounts in which the estimate was recorded. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substantial difference from the initial estimate is determined, appropriate adjustments shall be made in the current accounts to cover such difference. The carrier is not required to anticipate small items which would not appreciably affect these accounts.

B. If, owing to exceptional conditions, a carrier finds a modification of the instructions in paragraph A necessary, it shall furnish a statement of its proposed plans to the Commission for approval before adoption.

9. *Spreading of unusual income, revenue and expense items.*—When the amount of any unusual item includible

in an income, operating revenue, or operating expense account for a single period is relatively so large that its inclusion in the accounts for that period would seriously distort those accounts it may be included in account 1890—Other Deferred Debits, or account 2450—Other Deferred Credits, as appropriate, and distributed in equal amounts to the accounts for the current and remaining periods of the year. No such item shall be spread beyond the accounts of the current year without authority of the Commission.

10. *Current assets.*—A. In the group of accounts designated as Current Assets (accounts 1000 to 1190, inclusive) there shall not be included any item the amount or collectibility of which is not reasonably assured or for which provision has not been made in a reserve. Items of current character but of doubtful value may be carried in these accounts at a nominal value or included in account 1890—Other Deferred Debits, at book cost or nominal value, or written off, as may be appropriate.

B. Adjustments to accomplish the writing down of items of doubtful value not covered by reserves shall be made through account 4680—Uncollectible Revenues, account 7500—Other Deductions, account 2946—Other Debits to Surplus, or other appropriate income or surplus account.

11. *Discount or premium on securities of other companies.*—See instruction 15.

12. *Discount, expense and premium on capital stock.*—A. This system of accounts provides accounts for discounts, commissions and expenses on capital stock and another account for premium on capital stock. These accounts shall be subdivided for each class and series of capital stock issued by the carrier. Commission and expenses applicable to capital stock issues shall be included in the commission and expense account and shall not be deducted from premium on capital stock.

B. In stating the balance sheet, discount on capital stock shall not be netted against premiums.

C. General levies or assessments against stockholders of par or stated value shares shall be credited to the premium account for the particular class and series of capital stock so assessed.

D. Discounts and expenses on capital stock may be amortized by charges to account 2900—Unearned Surplus. However, in no event shall net debits exceed the accumulated net credits in unearned surplus. Any excess of debits may be retained in account 1900—Discount on Capital Stock, or account 1910—Commission and Expense on Capital Stock, as appropriate, until the stock is reacquired or retired, or the excess debits may be charged to account 2946—Other Debits to Surplus.

E. Discount and expenses on capital stock reacquired or retired shall be accounted for in accordance with instruction 14.

13. *Discount, expense and premium on long-term obligations.*—A. A separate subdivision shall be maintained in account 1880—Unamortized Debt Discount and Expense, for the excess of discount and debt expense over any premium related to each class of long-term debt issued or assumed by the carrier. (See definitions 20, 23 and 32.)

B. Corresponding subdivisions shall be maintained in account 2400—Unamortized Premium on Debt, for the excess of the premium over any discount and debt expense related to each class of long-term debt issued or assumed by the carrier.

C. Each period there shall be credited to each subdivision of account 1880—Unamortized Debt Discount and Expense, the amount applicable to such period under a plan of amortization, the application of which will equitably distribute the balance therein over the life of the security. Amounts thus credited shall be concurrently charged to account 7300—Amortization of Debt Discount and Expense.

D. Correspondingly, each period there shall be charged to each subdivision of account 2400—Unamortized Premium on Debt, the portion of such credit balance which is applicable to that period. Amounts thus charged shall be concurrently

credited to account 7400—Amortization of Premium on Debt—Credit.

E. Except as provided in paragraphs C and D of this instruction, the balances in each of these accounts or subdivisions thereof shall be carried until the reacquisition of the securities to which it relates. At that time (unless otherwise ordered by the Commission in the case of an exchange of securities) a portion of the balances in these accounts, or subdivision for the particular class of long-term debt reacquired, shall be transferred to account 2933—Other Credits to Surplus, or account 2946—Other Debits to Surplus, as may be appropriate. Such portion shall be based on the relation of the amount of the particular issue of long-term debt reacquired to the total outstanding before the reacquisition. This provision shall also apply to securities held alive in sinking or other funds under instruction 14.

F. Except for such discount or expense as may be applicable to the construction period, no discount or expense on long-term debt shall be included in any account as a part of the cost of acquiring any property or as a part of the cost of operation.

14. *Company securities owned.*—A. *Capital stock.*—

1. Capital stock actually issued or assumed by the carrier which has been reacquired, shall be retired or carried in account 1920—Reacquired Securities, at the par or stated value, or the pro-rata proportion of the total of no-par stock without stated value at which it is carried in account 2700—Preferred Capital Stock, or account 2710—Common Capital Stock, unless it is required by provision of a mortgage or decision of a trustee not subject to the control of the accounting carrier that it be retained alive in sinking or other funds. The difference between the amount paid for the reacquired stock and the amount includible in account 1920, plus the premium and less the discount and expense entered in respect to the reacquired stock and not written off, shall be debited or credited as appropriate to account 2900—Unearned Surplus. In no event, however, shall net debits exceed the accumulated credits in Unearned Surplus. Any excess of debits resulting from reacquisition of capital stock over such accumulated credits in Unearned Surplus shall be charged to account 2946—Other Debits to Surplus.

2. When reacquired capital stock is resold by the carrier, the amount included in account 1920—Reacquired Securities, shall be credited thereto and the accounting for premiums realized, discounts, commissions or expenses incurred, shall be the same as provided for in connection with original sales of capital stock.

B. *Equipment and long-term obligations.*—

1. Equipment and other long-term obligations reacquired by the carrier shall be entered in account 1920—Reacquired Securities, at face value. The difference between the face value and the amounts actually paid for the reacquired obligations shall be debited or credited as appropriate to account 2946—Other Debits to Surplus, or account 2933—Other Credits to Surplus. Likewise, any unamortized debt discount, expense or premium, applicable to the reacquired obligations, shall be adjusted through accounts 2946 or 2933, as appropriate.

2. When reacquired equipment and other long-term obligations are resold by the carrier, the amount included in account 1920—Reacquired Securities, shall be credited thereto and the accounting for any premiums realized, discounts, commissions or expenses incurred shall be the same as provided for in connection with original sales of such obligations.

15. *Book cost of securities owned.*—A. Securities of others acquired by the carrier shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The carrier may write down the book cost of any security in recognition of a decline in the value thereof.

Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities shall be recognized in the accounts. A reserve may be provided against such declines in value by charges to account 2946—Other Debits to Surplus.

C. When securities with a fixed maturity date are purchased at a discount (that is when the total cost including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is credited. No debits shall be made in respect to discount upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is when the total cost including brokerage fees, taxes, commissions, etc., is in excess of par), such premiums may be amortized over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

16. *Clearing accounts, purpose of.*—A. Clearing accounts, designed to facilitate the distribution of certain expenditures which may affect both construction and operations or which may affect transportation and other operations, may be kept when necessary in making the proper distribution of items to the appropriate accounts.

B. Balances in clearing accounts shall be fully cleared not later than the end of the calendar year unless items held therein unquestionably relate to future periods. Items carried over shall be included in account 1890—Other Deferred Debits, or account 2450—Other Deferred Credits.

17. *Deduction of reserves.*—In stating the balance sheet, reserves shall be shown separately and shall be deducted from the specific assets to which they apply. Reserves not applicable to specific assets shall be shown on the liability side. (See form of balance sheet following balance sheet accounts.)

18. *Contingent assets and liabilities.*—The balance sheet of a carrier shall clearly state by adequate notes contingent assets or liabilities not reflected in the balance sheet accounts, including any arrears in cumulative dividends, stating the amount per share of each class of stock and in total and the facts and amounts with respect to any default in principal, interest, or sinking fund provisions if not shown in the balance sheet accounts.

19. *Operating property to be recorded at cost.*—A. Amounts chargeable to the accounts numbered 1200 and 1300, designated as Carrier Operating Property accounts, shall be the actual cost to the carrier of the items properly includible therein, also including the excess cost of improvements over the estimated cost at current prices of property removed and replaced, and shall be exclusive of any cost for intangible items includible in any of the subdivisions of account 1500—Organization, Franchises and Permits, or account 1550—Other Intangible Property. (See, however, instruction 20.)

B. The book cost of the construction or acquisition of property chargeable to the carrier operating property accounts 1200 and 1300 shall include the cost of direct labor, indirect labor, materials, transportation, contract work, rent of construction facilities, taxes, and simple interest during construction; also such portion of engineering, supervision, law expenditures, injuries and damages, compensation and other insurance, as is applicable to the construction period; and other analogous elements applicable to the construction and acquisition of property.

C. Any unit of property, including additions to or betterments of existing property, having a cost not in excess of \$50.00, or having a life of one year or less, may be charged to the appropriate operation and maintenance expense, or clearing account and not to the property account, except that if small tools, portable equipment and similar items are consumed directly in construction work, the cost may be included as part of the cost of the constructed unit. This is not to be construed as authorizing the parceling of expenditures to bring them within this limit, or the inconsistent application of any rule or practice adopted by the carrier hereunder to the same item or class of property. If a carrier adopts a rule hereunder, changes in the rule shall be reported to the Commission.

D. When operating property is purchased under any plan involving deferred payments, no charges shall be made to operating property accounts for interest, insurance, or other expenditures occasioned by such form of payment.

E. When the consideration given for property is anything other than cash, the cash value of such consideration shall be used, except that where physical property is received in exchange for physical property, such property shall be recorded at the net book cost of the property given in exchange. In the journal entry recording such a transaction the actual consideration shall be described with sufficient particularity to identify it. The carrier shall be prepared to furnish to the Commission the particulars of its determination of the cash value of the consideration if other than cash.

20. *Property purchased.*—A. When any transportation system or portion thereof constituting a distinct operating unit (see definition 24) is purchased, the constituent elements thereof that are chargeable to carrier operating property accounts 1200 and 1300 and to any subdivision of account 1500—Organization, Franchises and Permits, may be recorded in these accounts at their book cost as reflected by the records of the vendor (see definition 8) with concurrent credits to the depreciation and amortization reserves for accrued depreciation and amortization to date of purchase, otherwise such purchases shall be recorded in the books of the accounting carrier at cost. If the costs of the various elements of property are not separable in the purchase agreement, estimated values shall be used in charging the accounts appropriate for the property. In no event shall the amounts charged to accounts 1200 and 1300 exceed the actual amount paid therefor, or the current cost new of similar property.

B. The journal entry allocating the property purchased to the operating property accounts and setting up the accrued depreciation and amortization thereon should also cover any additional assets acquired or liabilities assumed and any incidental expenses incurred in connection with the transaction. Full supporting details, showing the purchase price, the principal from whom it was acquired, the agents who represented such principal, the basis of determining the book cost of constituent elements in the property purchased and when recorded at book cost as reflected by the records of the vendor, the accrued depreciation and amortization thereon at date of purchase shall be stated in the journal entry recording the purchased property.

C. Any distributed portion of the purchase cost not includible in specific accounts provided for assets acquired or liabilities assumed shall be charged to account 1550—"Other Intangible Property."

D. In a transaction involving the acquisition of any transportation system or portion thereof constituting a distinct operating unit (see definition 24) from another carrier, the purchaser shall obtain from the vendor all available records and other evidence (or certified copies thereof) relating to the acquisition, construction and improvement of the property acquired.

21. *Operating property retired.*—When carrier operating property (see definition 10) ceases to be used (see definition 40) it shall be retired. If not dismantled or otherwise dis-

posed of, it shall be transferred to account 1400—Non-Carrier Operating Property, or account 1450—Non-Operating Property, as appropriate. (See instruction 23.)

A. *Property under "Unit plan" of depreciation.*—When a unit of property on which depreciation charges were accrued under the unit plan, (see definition 22) is retired from service, the book cost of such property shall be credited to the appropriate property account and concurrently charged, together with the cost of removal, to the depreciation reserve account. Any salvage or insurance recovered, including amounts provided for in any insurance or other reserve with respect to the retired property when such reserve covers the cause of retirement shall be credited to the depreciation reserve. Any difference remaining in the depreciation reserve after the above entries, shall be charged or credited as appropriate to account 5091—Depreciation Adjustment.

B. *Property under "Group plan" of depreciation.*—When a unit of property, on which depreciation charges were accrued under the group plan (see definition 22), is retired from service, the book cost thereof shall be credited to the appropriate property account and concurrently charged, together with the cost of removal, to the depreciation reserve account. Any salvage or insurance recovered, including amounts provided for in any insurance or other reserve with respect to the retired property, when such reserve covers the cause of retirement, shall be credited to the depreciation reserve account.

C. *Minor items.*—When the property retired constitutes a minor item (see definition 28), the book cost of which has been or will be accounted for by its inclusion in the unit of property of which it is a part when such unit of property is retired, no adjustment of the operating property account or depreciation reserve is required therefor. When a minor item is retired and replaced, with property of like purpose, the entire cost of replacement shall be charged to the account appropriate for the cost of repairs of the property retired, except that if the replacement effects a betterment (see definition 7), there shall be charged to the property account, the excess cost of the replacement over the estimated cost at current prices of the items retired (see instruction 19 C), provided that property bettered shall not be carried in excess of the current cost new of equivalent property.

D. *Land.*—When land is sold, the book cost shall be credited to the land account and any difference between the book cost and the sales price, less commissions and expenses, on the sale shall be adjusted through account 2933—Other Credits to Surplus, or account 2946—Other Debits to Surplus, as appropriate. (See instruction 19 E.)

E. *Determination of book cost.*—The book cost of operating property retired shall be the amount at which such property is included in the operating property accounts including all items set forth in instruction 19. Such costs shall be determined from the carrier's records when this can be done, as in the case of land, structures, revenue automotive equipment, service equipment, furniture, and other items of operating property for which individual cost records are available. When the actual book cost cannot be determined from the records, it shall be estimated. When it is impracticable to determine the book cost of each item due to the relatively large number and/or small cost of such items, the average book costs of all the items, with due allowance for differences in size or character, shall be used as the book cost of the items retired. The latter method may be applied in retirement of such items as spare parts, tools, etc.

F. *Intangibles.*—The accounting for the retirement of items included in account 1511—Franchises, account 1541—Patents, and intangible elements with limited terms included in account 1201—Land and Land Rights, shall be as provided in the texts of account 2600—Reserve for Amortization—Carrier Operating Property, and account 5110—Amortization of Carrier Operating Property.

G. *Sale of property.*—When operating property used in transportation operations is sold together with the transportation business associated therewith, the book cost of the

property shall be credited to the appropriate operating property accounts and the amounts carried with respect thereto in the depreciation and amortization reserve accounts, estimated if necessary, shall be charged to such reserves. The difference, if any, between (1) the net amount of such debit and credit items, and (2) the consideration received for the property, shall be included in account 2946—Other Debits to Surplus, or account 2933—Other Credits to Surplus, as appropriate.

H. *Extraordinary losses.*—If the cause of retirement of depreciable operating property is one for which provision has not been made in the depreciation reserve and the loss is not covered by insurance, the accounting for the necessary adjustment shall be made in accordance with instructions under account 1890—Other Deferred Debits.

22. *Leased property, expenditures on.*—A. Except as provided in paragraph B following, the cost of initial improvements, including rearrangements, additions and betterments, to property leased from others made in the course of preparing the property for motor carrier operations and the cost of any subsequent additions to and betterments of such leased property, not including replacements, shall be charged to the operating property account 1271—Improvements to Leasehold Property. Amortization and depreciation on such expenditures shall be provided for in the manner set forth in instruction 25.

B. When the cost of alterations to leased transportation property otherwise chargeable to account 1271—Improvements to Leasehold Property, is not in excess of \$50.00 or the period of the lease is less than one year, the cost may be charged to the accounts chargeable with the cost of repairs to such property.

23. *Transfer of property.*—Property transferred between accounts 1200—Carrier Operating Property, 1300—Carrier Operating Property Leased to Others, and accounts 1400—Non-Carrier Operating Property, 1450—Non-Operating Property, shall be charged or credited, as appropriate, to the carrier operating property accounts 1200 and 1300 at its book cost with the debits or credits to the appropriate accounts for the accrued depreciation and amortization to date of transfer.

24. *Common property.*—A. If the carrier is engaged in forms of enterprise other than motor carrier operations and any of its carrier operating property is used in common for two or more purposes to such an extent and in such manner that it is otherwise impracticable to segregate it in the accounts, an allocation of the book cost thereof shall be made and the portion so ascertained to be assignable to motor carrier operations shall be recorded in the carrier operating property accounts 1200 and 1300. The remainder shall be recorded in accounts 1400 or 1450 as appropriate. It is not contemplated that minor or temporary changes in conditions shall necessitate frequent reallocations of common property.

B. The carrier shall be prepared to show at any time and to report to the Commission when required, and by carrier operating property accounts 1200 and 1300 the following:

1. The book cost of common property,
2. The allocation of such cost to carrier operations and other purposes for which the jointly operated property is used, and
3. The basis of the allocation.

C. The expenses of operation, maintenance, depreciation and amortization of common property shall be recorded in the accounts prescribed herein and the allocation of such expenses to the carrier operations shall be supported in the same manner as the allocation of the cost of such property, each month (or four-week period) to account 5000—Depreciation Expense, and credited to account 2500—Reserve for

25. *Depreciation accounting.*—A. There shall be charged Depreciation—Carrier Operating Property, during the service life of depreciable property included in account 1200—Carrier Operating Property, amounts which will approximate the loss in service value not restored by current maintenance

or covered by insurance, the effect of which can be forecast with a reasonable approach to accuracy. The straight-line method of computing depreciation (see definition 38) shall be used and the current depreciation charge shall be obtained by applying the applicable portion of the annual percentage rate to the book cost balances, except that the mileage method (see definition 27) may be used on automotive equipment, in which event the rate per mile shall be applied to the number of miles traveled each period. In no event, however, shall the charges based on such mileage method be less during any calendar year than would result from the application of rates based on the straight-line method.

Carriers engaged in seasonal operations may apportion the estimated annual depreciation charge over the months in which operations are actually conducted.

B. Depreciation charges on property included in accounts

1211. Structures.
1221. Revenue Equipment.
1231. Service Cars and Equipment.

shall be computed on the unit plan (see definition 22) under the straight-line method. Depreciation charges on any unit of property which is depreciated under the unit plan shall cease when the estimated service value shall have been credited to the depreciation reserve.

C. Depreciation charges on property included in accounts

1241. Shop and Garage Equipment.
1251. Furniture and Office Equipment.
1261. Miscellaneous Equipment.

shall be computed under either the unit plan or the group plan. (See definition 22.) If the group plan is used the current depreciation charge shall be determined by applying the applicable portion of the annual percentage rate to the sum total of the book cost balances of the property included in each account, or subdivisions thereof, at the rates determined from weighted averages of service lives of the property included therein.

D. Depreciation charges upon property included in account 1271—Improvements to Leasehold Property, shall be made upon the same basis as for owned depreciable property. Such depreciation charges shall be charged to account 5071—Depreciation of Improvements to Leasehold Property. Any additional reserve required to meet losses expected to be incurred through reversion of such property to the lessor prior to the expiration of its service life shall be provided through charges to account 5110—Amortization of Carrier Operating Property, and credits to account 2600—Reserve for Amortization—Carrier Operating Property.

E. Depreciation charges upon operating property constituting a distinct operating unit (see definition 24) leased from others under terms whereby the carrier has exclusive possession, shall be made on the same basis as for owned depreciable property. (See instruction 30.) Records shall be maintained similar to those for owned property showing the cost, service life and salvage value for each unit of depreciable operating property leased from others.

F. Depreciation charges on operating property constituting a distinct operating unit (see definition 24) leased to others for transportation operations, when the lessee has exclusive possession, shall be charged to account 5500—Income from Lease of Carrier Property—Credit, with concurrent credits to account 2500—Reserve for Depreciation—Carrier Operating Property.

G. Depreciation expense on non-carrier operating property and non-operating property shall be charged to the appropriate Other Income account and credited to account 2610—Reserve for Depreciation and Amortization—Other Property.

26. *Repairs, cost of.*—A. The cost of repairs chargeable to the various operation and maintenance expense accounts includes labor employed, materials used, and expenses incurred

in all current maintenance (not including depreciation and amortization), such as:

- (1) Inspecting, testing, and reporting on the condition of operating property specifically to determine the need for repairs, minor replacements, rearrangements, and changes.
- (2) Testing for, locating, and clearing trouble.
- (3) Routine work to prevent trouble, such as general overhauling, removing carbon, grinding valves, adjusting and relining brakes, adjusting shock absorbers, cleaning and adjusting engines, etc.
- (4) Replacing minor items of operating property. (See also instruction 21 C.)
- (5) Rearranging and changing the location of property not retired.
- (6) Restoring the condition of property damaged by wear and tear, storms, breakage, floods, fire, accident, or other casualties. (See also paragraph B.)
- (7) Training employees for repair work.
- (8) Inspecting and testing after repairs have been made.

B. Materials recovered in connection with repairs to property shall be credited to the same account to which the repair cost was charged.

C. If employees engaged in transportation, station or terminal service are also required to make repairs, an equitable proportion of their pay and expenses shall be charged to the account appropriate for the cost of such repairs. (See instruction 28.)

D. If the book cost of any property is carried in account 1281—Undistributed Property, the repairs to such property shall be charged to the accounts provided for repairs to property of the same nature and use, the book cost of which is carried in other operating property accounts. Repairs to property leased from others shall be treated in like manner.

27. *Insurance.*—A. Provision has been made under Operation and Maintenance Expenses for recording amounts of premiums paid outside insurance companies in accounts as follows:

- 4520. Public Liability and Property Damage Insurance.
- 4541. Workmen's Compensation—Insurance.
- 4550. Baggage and Express Insurance.
- 4570. Fire and Theft Insurance.
- 4580. Other Insurance.

Premiums paid in advance shall be charged to account 1800—Prepayments, and equitably distributed to the appropriate accounts over the period for which the premiums have been paid, except minor premiums which may be charged direct and premiums chargeable to construction.

B. Carriers authorized by the Commission to self-insure for automobile bodily injury liability, property damage liability or other liability shall record periodic charges to the appropriate expense accounts in amounts sufficient to cover estimated losses based on the carrier's experience.

C. The following accounts have been provided under Operation and Maintenance Expenses for the purpose of creating reserves for losses not covered by outside insurance and for losses incurred in excess of outside insurance coverage:

- 4530. Injuries and Damages.
- 4546. Workmen's Compensation—Self Insurer.
- 4560. Baggage and Express Loss and Damage.
- 4570. Fire and Theft Insurance.
- 4580. Other Insurance.

Reserves created for self-insurance of injuries and damages, workmen's compensation and baggage and express loss and damage shall be included in account 2680—Injuries, Loss and Damage Reserves. Reserves created for self-insurance of all other risks shall be included in account 2660—Insurance Reserves.

Periodic charges to expense accounts for the purpose of creating reserves for self-insurance liability shall be determined currently by the carrier from its best source of information and the rates used may be based on percentage of

revenue, mileage of busses, amount of payrolls or other equitable basis.

28. *Distribution of pay and expenses of employees.*—The charges to investments, operation and maintenance expenses, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period. The pay and expenses of an employee of one department who occasionally performs incidental services involving but small expense for another department may be included in the expense of the department in which the employee is regularly employed.

29. *Joint expenses.*—Where the carrier owns the joint facility, any amounts received as reimbursement of operation and maintenance costs shall be credited to the appropriate joint facilities—credit account under maintenance and garage expenses; station and terminal expenses; or administrative and general expenses. Any amounts received for depreciation, taxes and return on the joint facility, shall be credited to account 5390—Joint Facility Rents—Credit. Similarly, any amounts paid by the carrier under joint facility arrangements for operating and maintenance costs shall be charged to the appropriate joint facilities—debit account in the operation and maintenance expense group of accounts and any amounts paid for depreciation, taxes and return on the joint facility, shall be charged to account 5340—Joint Facility Rents—Debit.

30. *Rent and lease of carrier property.*—A. Provision is made in the several sub-divisions of account 5300—Operating Rents—Net, for rents receivable and payable for use of property other than that constituting a distinct operating unit or system. (See definition 24.)

B. Taxes payable by the lessee upon property rented or leased shall be included in account 5200—Operating Taxes and Licenses, by the lessee.

C. Other expenses payable by the lessee shall be included in the appropriate accounts on the books of the lessee.

D. Amounts payable for use of operating property constituting a distinct operating unit (see definition 24) leased from others under terms whereby the carrier has exclusive possession shall be apportioned between rent and depreciation. The portion covering rent shall be included in account 5400—Rent for Lease of Carrier Property—Debit, and the portion covering depreciation shall be included in account 5000—Depreciation Expense. (See instruction 25.)

E. The lessor shall credit the amount receivable for use of the property leased to account 5500—Income from Lease of Carrier Property—Credit. The lessor shall charge the estimated depreciation accrual to account 5500 and credit account 2500—Reserve for Depreciation—Carrier Operating Property.

F. If settlement for either rent or depreciation is not made currently the amounts thereof shall be accrued by both lessor and lessee in harmony with the instructions in paragraphs C and D. The amounts accrued receivable, and payable, should be included in appropriate accounts classified under accounts 1890—Other Deferred Debits, and 2450—Other Deferred Credits, by the lessor and lessee, respectively.

Balance Sheet Accounts

ASSET SIDE

I. Current Assets

- 1000. Cash.
- 1020. Working Funds.
- 1040. Special Deposits.
 - 1041. Interest Special Deposits.
 - 1042. Dividend Special Deposits.
 - 1043. Miscellaneous Special Deposits.
- 1060. Temporary Cash Investments.
- 1080. Notes Receivable.
- 1100. Receivables from Associated Companies.
- 1120. Accounts Receivable.
- 1140. Subscribers to Capital Stock.
- 1160. Interest and Dividends Receivable.
- 1180. Material and Supplies.
- 1190. Other Current Assets.

II. Tangible Property

- 1200. Carrier Operating Property.
 - 1201. Land and Land Rights.
 - 1211. Structures.
 - 1221. Revenue Equipment.
 - 1231. Service Cars and Equipment.
 - 1241. Shop and Garage Equipment.
 - 1251. Furniture and Office Equipment.
 - 1261. Miscellaneous Equipment.
 - 1271. Improvements to Leasehold Property.
 - 1281. Undistributed Property.
 - 1291. Unfinished Construction.
- 1300. Carrier Operating Property Leased to Others.
- 1400. Non-Carrier Operating Property.
- 1450. Non-Operating Property.

III. Intangible Property

- 1500. Organization, Franchises and Permits.
 - 1501. Organization.
 - 1511. Franchises.
 - 1541. Patents.
- 1550. Other Intangible Property.

IV. Investment Securities and Advances

- 1600. Investments and Advances—Associated Companies.
- 1650. Other Investments and Advances.

V. Special Funds

- 1701. Sinking Funds.
- 1751. Depreciation funds.
- 1781. Miscellaneous Special Funds.

VI. Deferred Debits

- 1800. Prepayments.
- 1880. Unamortized Debt Discount and Expense.
- 1890. Other Deferred Debits.

VII. Miscellaneous Debit Items

- 1900. Discount on Capital Stock.
- 1910. Commission and Expense on Capital Stock.
- 1920. Reacquired Securities.
- 1990. Nominally Issued Securities.

LIABILITY SIDE

VIII. Current Liabilities

- 2000. Notes Payable.
- 2020. Matured Equipment and Long-Term Obligations.
- 2030. Payables to Associated Companies.
- 2050. Accounts Payable.
- 2070. Wages Payable.
- 2080. Unredeemed Tickets.
- 2090. C. O. D.'s Unremitted.
- 2100. Dividends Declared.
- 2120. Taxes Accrued.
- 2150. Interest Accrued.
- 2160. Matured Interest.
- 2190. Other Current Liabilities.

IX. Advances Payable

- 2200. Advances Payable—Associated Companies.
- 2250. Other Advances Payable.

X. Equipment and Other Long-Term Obligations

- 2300. Equipment Obligations.
- 2330. Bonds.
- 2360. Other Long-Term Obligations.

XI. Deferred Credits

- 2400. Unamortized Premium on Debt.
- 2450. Other Deferred Credit.

XII. Reserves

- 2500. Reserve for Depreciation—Carrier Operating Property.
- 2600. Reserve for Amortization—Carrier Operating Property.
- 2610. Reserve for Depreciation and Amortization—Other Property.
- 2650. Reserve for Uncollectible Accounts.
- 2660. Insurance Reserves.
- 2680. Injuries, Loss and Damage Reserves.
- 2690. Other Reserves.

XIII. Capital Stock

- 2700. Preferred Capital Stock.
- 2710. Common Capital Stock.
- 2720. Premiums and Assessments on Capital Stock.
- 2730. Capital Stock Subscribed.

XIV. Non-Corporate Capital

- 2800. Sole Proprietorship Capital.
- 2810. Partnership Capital.

XV. Unappropriated Surplus

- 2900. Unearned Surplus.
- 2930. Earned Surplus.

ASSET SIDE

I. CURRENT ASSETS

1000. *Cash*.—This account shall include the amount of current funds available for use on demand in the hands of financial officers and deposits in banks or trust companies; also cash in transit for which agents or drivers have received credit.

NOTE A.—This account shall be credited with the amount of checks or drafts transmitted to payees.

NOTE B.—*Funds subject to withdrawal restrictions*.—Funds subject to such restrictions and deposits in closed banks shall not be included in this account. Such funds definitely known to be available within one year shall be included in account 1190—Other Current Assets. Deposits in closed banks which are not available within one year shall be included in account 1890—Other Deferred Debits.

1020. *Working funds*.—This account shall include amounts advanced to officers, agents, employees, and others as petty cash or working funds from which certain expenditures are to be made and accounted for.

1040. *Special deposits*.—This account shall include the balance of the amounts included in accounts 1041, 1042, and 1043, for short-term deposits.

1041. *Interest special deposits*.—This account shall include moneys and bank credits specially deposited in the hands of fiscal agents or others for the payment of interest on behalf of the carrier. When interest is paid from such deposits, it shall be credited to this account and charged to the appropriate accrued or matured interest account. Payments to trustees or other agents of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities or of mortgages supporting such securities as a release of the paying company from further liability for such interest, shall be charged to the appropriate interest accrual account.

1042. *Dividend special deposits*.—This account shall include moneys and bank credits in the hands of fiscal agents or others for the payment of dividends on behalf of the carrier. When dividends are paid from such deposits, they shall be credited to this account and charged to the appropriate dividend account.

1043. *Miscellaneous special deposits*.—This account shall include moneys and bank credits in the hands of fiscal agents or others for special purposes other than the payment of interest or dividends. This includes cash or securities deposited with Federal, state, or municipal authorities, public utilities, or others, as a guaranty for the fulfillment of obligations. Entries to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied and the deposit is released, this account shall be credited with the amount deposited.

NOTE.—This account shall not include any assets available for general company purposes.

1060. *Temporary cash investments*.—A. This account shall include the book cost (see instruction 15) of investments such as time drafts receivable and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments acquired for the purpose of temporarily investing cash. Any securities included in this account must be of such a nature as to be readily convertible into cash at substantially the book value.

B. This account shall be sub-divided to reflect separately:

- (1) Temporary Cash Investments—Associated Companies.
- (2) Temporary Cash Investments—Other.

NOTE A.—Amounts carried in this account as pledged shall be shown separately from amounts unpledged.

NOTE B.—There shall not be included in this account amounts properly includible in accounts 1600—Investments and Advances—Associated Companies, or 1650—Other Investments and Advances.

1080. *Notes receivable*.—A. This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable, contracts receivable, and similar evidences (except interest coupons) of money

receivable on demand or within a time not exceeding one year from date of issue.

NOTE A.—Notes receivable from associated companies shall be included in account 1100—Receivables from Associated Companies.
NOTE B.—The amount of notes receivable discounted, sold or transferred, unless transferred without recourse, shall be credited to account 2000—Notes Payable.

B. This account shall be sub-divided to reflect separately:

- (1) Notes Receivable—Officers, Stockholders and Employees.
- (2) Notes Receivable—Other.

1100. *Receivables from associated companies.*—A. This account shall include the total of amounts receivable from associated companies (see definition 6A) which are subject to current settlement (see definition 17), such as balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property and similar items; interest and dividends due from associated companies; and loans, notes and drafts for which associated companies are liable.

B. This account shall be sub-divided to reflect separately:

- (1) Loans and Notes Receivable—Associated Companies.
- (2) Interest and Dividends Receivable—Associated Companies.
- (3) Accounts Receivable—Associated Companies.

NOTE A.—On the balance sheet, accounts receivable from associated companies shall be set off against accounts payable to the same companies.

NOTE B.—No amount representing dividends receivable shall be included in this account unless they have been declared or guaranteed.

NOTE C.—Items which are not subject to current settlement shall be included in account 1600—Investment and Advances—Associated Companies.

1120. *Accounts receivable.*—A. This account shall include amounts due from others (except associated companies) for material and supplies furnished and services rendered, including transportation and storage charges, use of property, other matured rents, amounts owing by public authorities, amounts of collectible judgments, current accounts with officers and employees, and other accounts and claims upon which responsibility is acknowledged by solvent concerns or individuals.

B. This account shall also include the balances due from other carriers, (except associated companies) against each of which there is a net debit balance representing traffic or interline accounts; also the net balance in current accounts due from agents, drivers, and other employees and representatives charged with the collection or custody of current revenues.

C. This account shall be sub-divided to reflect separately:

- (1) Accounts Receivable—Officers, Stockholders and Employees.
- (2) Traffic or Interline Account Balances.
- (3) Accounts Receivable—Others.

NOTE A.—Amounts advanced to officers, employees, or others as working funds, shall be included in account 1020—Working Funds.

NOTE B.—Accounts with other carriers representing traffic and interline accounts which contain net credit balances shall be included in account 2050—Accounts Payable.

1140. *Subscribers to capital stock.*—A. This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock.

B. The amount of each subscription shall be charged to this account at the time the subscription is accepted. Currently there shall be credited to account 2730—Capital Stock Subscribed, the par or stated value of the stock subscribed or the agreed purchase price in the case of non-par stock without a stated value. Appropriate entries shall likewise be recorded with respect to any discount or premium on par value stocks or non-par value stocks with a stated value.

NOTE.—The records supporting the entries to this account shall be kept so that the corporation can furnish the name and address of each subscriber, the amount and kind of capital stock subscribed, the date of subscription, the date that each payment is due and the date that each is paid, the nature of each pay-

ment (whether cash or other consideration), and any other information that is necessary to make the history of the subscription complete.

1160. *Interest and dividends receivable.*—This account shall include the amount of current interest accrued to the date of the balance sheet on bonds, mortgages, notes, and other commercial paper owned; on loans made; open accounts; bank deposits, etc.; and the amount of dividends receivable on stocks owned. (See instruction 10.)

NOTE A.—Interest and dividends receivable from associated companies shall be included in account 1100—Receivables from Associated Companies.

NOTE B.—Interest which is not subject to current settlement shall be included in the account in which is carried the principal on which the interest is accrued.

NOTE C.—No amount representing dividends receivable shall be included in this account unless they have been declared or guaranteed.

NOTE D.—No interest or dividends on securities or obligations issued or assumed by the carrier shall be included in this account.

1180. *Material and supplies.*—A. This account shall include the cost (less cash or other discounts when they can be determined) of all unapplied materials and supplies, including tools, repair parts, fuel, tires and tubes, etc. The cost shall include all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the carrier including loading and unloading, and at the option of the carrier, it may include a suitable proportion of purchasing and store expenses in which case corresponding credits shall be made to the appropriate account. The cost shall also include sales taxes on material purchases other than gasoline, other motor fuels and motor oil.

B. When any materials or supplies, the cost of which has been charged to this account, are issued for use, the amount at which they stand charged herein shall be credited to this account and charged to the appropriate construction, operation and maintenance expense, or other account. Such amount may be based upon the average cost of all items of a given type included in this account at the beginning of the period.

C. Materials recovered in connection with construction, maintenance, or the retirement of property shall be charged to this account as follows:

(1) Reusable materials shall be included in this account at amounts not to exceed cost, estimated if not known.

(2) Scrap and non-usable materials shall be carried at the estimated salvage value. So far as practicable, the difference between the amounts realized from sale or disposal and the amounts at which the materials are carried in this account shall be adjusted in the depreciation reserves, repair accounts, or other accounts which were credited when the materials were charged to this account.

NOTE A.—Interest charged on material bills, the payment of which is delayed, shall be charged to account 7100—Other Interest Deductions.

NOTE B.—Inventories of materials and supplies shall be taken at intervals of one year or less, and the necessary adjustment shall be made to bring this account into harmony with the actual physical inventory. In effecting this adjustment, differences which may practically be assigned to important classes of materials shall be equitably distributed among the accounts to which such classes of materials are ordinarily chargeable. Other differences shall be equitably apportioned among the operation and maintenance accounts to which materials have been charged since the last inventory. Such differences that cannot be allocated to the operation and maintenance accounts shall be included in account 4655—Purchasing and Store Expenses.

NOTE C.—Sales taxes on gasoline, other motor fuels and motor oil and personal property taxes assessed on material and supplies, shall be included in account 5200—Operating Taxes and Licenses.

1190. *Other current assets.*—This account shall include the amount of all assets of a current nature not includible in any of the foregoing current asset accounts. (See definition 17.)

II. TANGIBLE PROPERTY

1200. *Carrier operating property.*—A. This account shall include the total of the amounts representing the cost (see instruction 19) of the carrier operating property, included in

accounts 1201 to 1291, inclusive, owned and used by the carrier in its motor carrier operations, and which has an expected life in service of more than one year, including such property owned by the carrier but held by nominees.

B. When property normally having a service life of more than one year is installed for temporary use in motor carrier operations, it shall be accounted for in the same manner as property installed for permanent use.

C. Records shall be kept so as to reflect separately the cost and date of acquisition of property jointly owned and property operated under a joint agreement; also the cost and date of acquisition of each structure, unit of equipment, or other major item of property (or at the option of the carrier of each body, chassis or other major part). When a major part of a unit of property, such as a body or chassis of equipment or portion of a structure has been replaced by either a new or rebuilt one, details shall appear in the supporting records showing also the cost of the property removed, the cost of the replacement, and the date of removal or replacement. If property such as a structure or unit of equipment is constructed new, or rebuilt by the carrier to increase its capacity or otherwise add to its usefulness for motor carrier service, or if parts are purchased and assembled by the carrier, the cost records for construction and assembly shall be maintained in a sufficiently complete manner to show the cost of labor, materials and other expenses incurred in such work.

D. When a structure, unit of equipment, or other property is so rebuilt or remodeled as to create an expectation of service life fairly comparable with new property, the old property shall be retired. (See instruction 21.) Charges to this account for the rebuilt or remodeled property shall be based upon the appraised value of the reused parts, or the net book cost at time of retirement of the retired unit, whichever is lower, plus the cost of rebuilding or remodeling, provided, however, that in no event shall the total amount charged exceed the cost of similar new property.

E. The cost of removing old appliances and replacing them with new appliances shall be charged to the proper account under operation and maintenance expenses.

F. The cost of additions to and betterments of property leased from others shall be recorded in account 1271—Improvements to Leasehold Property. (See instruction 22.)

1201. *Land and land rights.*—A. This account shall include the cost (see instruction 19) including the amount of mortgages or other liens assumed, of land or interest in land, having a life of more than one year, for use directly in connection with the motor carrier operations of the carrier for such purposes as general office buildings, shops, garages, stations, terminals, waiting rooms, shelters, loading platforms, warehouses, and the like. This includes the first cost of acquiring leaseholds of land, easements, and rights-of-way, but not rents payable periodically in consideration of rights so obtained.

B. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to carrier operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in carrier operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

C. Carriers shall keep their records so as to show separately the cost of each parcel of land or interest therein and the purpose or purposes for which used in motor carrier operations.

Items

Clearing land of brush, trees, and debris (First cost of).
Condemnation proceedings, including court costs and special counsel fees.

Consents and abutting damages, payment for.

Conveyancers' and notaries' fees.

Easements and rights-of-way, cost of, and expenses of acquisition.

Fees and commissions to brokers and agents.

Grading.

Land, cost of.

Leases having a life of more than one year, costs of and expenses incidental to acquiring.

Leases, voiding, to secure possession of land.

Relocating property of others.

Rights-of-way, including costs of locating.

Sidewalks on public streets abutting carrier's property.

Special assessments on the basis of benefits for new roads, new bridges, new pavements, new sewers, and other public improvements (but not any taxes levied to provide for maintenance of such improvements).

Surveys.

Taxes assumed, accrued prior to date of transfer of title.

Title, examining, registering, clearing, insuring and defending against claims relating to period prior to purchase.

NOTE A.—When land is acquired in excess of that required for motor carrier operations, or for which there is not a definite plan for its use in such service within one year, the cost of such land shall be charged to account 1400—Non-Carrier Operating Property, or to account 1450—Non-Operating Property, as appropriate. If land originally charged to either of these accounts is later used for motor carrier operations, it shall be charged to Carrier Operating Property in service at its cost when acquired. (See instruction 23.)

NOTE B.—Assessments for public improvements upon which payments are deferred shall be charged to this account in full and the unpaid balance carried in the appropriate liability account. Interest on unpaid balances shall be charged to the appropriate income deduction account.

1211. *Structures.*—A. This account shall include the cost in place (see instruction 19) of structures used in motor carrier operations. This includes buildings or constructions to house, support, or safeguard property or persons, with all appurtenant fixtures permanently attached thereto, and improvements to land, and other structures or constructions.

B. Carriers shall keep their records so as to show separately the cost of each structure included in this account and the purpose or purposes for which used in motor carrier operations.

Items

Architect's plans.

Ash pits.

Awnings.

Boilers, furnaces, piping, wiring, fixtures and machinery for heating, lighting, signaling, ventilating and plumbing.

Bridges and culverts.

Chimneys.

Commissions and fees to brokers, agents, architects, and others.

Conduits (not to be removed).

Damages to abutting property during construction.

Door checks and door stops.

Drainage and sewerage systems.

Elevators, cranes, hoists, etc., and the machinery for operating them.

Excavation, including shoring, bracing, bridging, refill and disposal of excess excavated material.

Fences and hedges.

Fire protection systems.

Floor covering (permanently attached).

Foundations and piers for machinery constructed as a permanent part of a building or other unit listed herein.

Grading and preparing grounds for buildings, including landscaping of grounds after construction.

Leases, voiding, to secure possession of structures.

Oil pits and drainage systems.

Outside lighting systems.

Partitions, including movable.

Painting, first.

Permits and privileges, building.

Platforms, railings and gratings, when constructed as part of structure.

Power boards for service to a building.
 Refrigerating systems.
 Retaining walls.
 Scales, connected to and forming part of the structure.
 Screens.
 Sidewalks, pavements and driveways on building grounds.
 Sprinkling systems.
 Storage facilities constituting part of building.
 Storage tanks.
 Storm doors and windows.
 Structures, cost of.
 Subways, areaways, and tunnels, directly connected to and forming part of the structure.
 Vaults, constructed as part of the building.
 Water supply system for building or general company purposes.
 Window shades and ventilators.

NOTE A.—The cost of specially provided foundations not expected to outlast the machinery or apparatus for which they are provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment shall be charged to the same account as the cost of the machinery or equipment.

NOTE B.—When part of a structure is removed in order to build an extension thereto, the accounting therefor shall be in accordance with instruction 21.

1221. *Revenue equipment.*—A. This account shall include the cost (see instruction 19) of all units of revenue passenger equipment, and the cost of the first set of accessory equipment necessary to fit them for service, excluding tires and tubes (see account 4160—Tires and Tubes—Revenue Equipment). The term "revenue passenger equipment" includes body and chassis and all fixtures and appliances inside of or attached to the body or chassis.

B. If revenue passenger equipment is purchased in a condition ready for service, the cost shall include the invoice or contract price, (excluding tires and tubes) less discount, if any, plus freight, excise taxes, insurance in transit, unloading costs and other expenses incurred in obtaining delivery of these vehicles upon the premises of the carrier such as drive-away charges, and the cost of any additions or attachments made after delivery.

C. This account may also include the cost of spare engines and other major units carried on hand for the purpose of temporarily replacing such units taken into the shop for overhauling, repairing, or any other reason.

Items

Automobiles.
 Busses.
 Combination busses.
 Horses and mules.
 Stages.

1231. *Service cars and equipment.*—This account shall include the cost (see instruction 19) of automotive vehicles used in connection with keeping revenue vehicles in operation, including cars and trucks used as trouble wagons for servicing revenue vehicles on the road. This account shall also include the cost of the first set of appliances or accessory equipment, including tires and tubes, necessary to fit such vehicles for service, such as cranes, hoists and other appliances, devices and tools forming the equipment of service cars.

Items

Emergency repair vehicles and appliances.
 Refueling cars.
 Sand and salt cars.
 Snow-fighting vehicles and equipment.
 Spare units for service vehicles, on hand in shop (optional).

Tow cars and appliances.
 Vehicles used by officials, starters and inspectors.

1241. *Shop and garage equipment.*—A. This account shall include the cost installed (see instruction 19) of machinery and equipment used in shops and garages when such machinery and equipment is not an integral part of the housing

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structure, together with specially provided foundations and settings not expected to outlast the machinery mounted thereon. Records shall be kept so as to show separately the cost of each major item of equipment.

B. If the carrier has shops or garages at more than one location, the records shall be maintained to reflect the carrier's investment at each location.

Items

Air compressors and hose, gauges and tanks.
 Anvils.
 Arbor presses.
 Battery charging outfits.
 Belts, shafts and countershafts.
 Boring or reaming machines.
 Car washing equipment.
 Cranes and hoists (portable).
 Creepers.
 Drill presses.
 Electric equipment.
 Engines and boilers.
 Forges.
 Gasoline and oil pumps and portable tanks.
 Greasing racks and pumps.
 Grinders.
 Jacks.
 Lathes.
 Lockers.
 Machine tools.
 Motor driven hand tools.
 Motor starters.
 Oil reclaiming machines.
 Paint sprayers.
 Pneumatic tools.
 Storage bins and shelving (movable).
 Store room equipment (except office equipment).
 Stoves.
 Testing apparatus.
 Tire changing equipment.
 Tool racks.
 Vises.
 Vulcanizing equipment.
 Weighing devices.
 Welding apparatus.
 Wheel pullers.
 Work benches.

NOTE A.—The cost of small portable tools and implements of slight value or short life shall be charged to the appropriate expense account.

NOTE B.—The cost of cranes, hoists and other appliances, devices and tools forming the equipment of service cars and trucks shall be charged to account 1231—Service Cars and Equipment.

1251. *Furniture and office equipment.*—A. This account shall include the cost (see instruction 19), installed of furniture and appliances used in general offices, garage offices, stations, terminals, warehouses, and waiting rooms, when such equipment is not an integral part of the housing structure.

B. If the carrier has equipment included in this account at more than one location, the records shall be maintained to reflect the carrier's investment at each location.

C. If the carrier operates or owns auxiliary station facilities such as restaurants and news stands, the cost of equipment therein shall be charged to this account and carried under a special subdivision entitled "Furniture and Office Equipment—Special Facilities."

Items

Book cases.
 Cash registers.
 Chair, stools and benches.
 Clocks.
 Counters.
 Desks.
 Equipment in rest, dining recreation and medical rooms.

Fans, electric.
 Filing cabinets.
 Fire extinguisher equipment.
 Floor coverings.
 Heaters and lamps (movable).
 Kitchen equipment.
 Lighting fixtures (movable).
 Lockers.
 Loud speaker systems.
 News stand equipment.
 Office equipment (mechanical).
 Parcel room equipment.
 Partitions and railings.
 Restaurant equipment.
 Safes (movable).
 Show cases and shelves.
 Tables and counters.
 Teletypewriters.
 Ticket cases.
 Ticket machines.
 Time clocks.
 Time-table racks.
 Typewriters.
 Vacuum cleaners.
 Water coolers.

NOTE.—Small articles of slight value or of short life shall be charged to the appropriate expense accounts.

1261. *Miscellaneous equipment.*—This account shall include the cost (see instruction 19) of other motor carrier equipment such as miscellaneous wheeled equipment used at warehouses, stations, terminals, and loading platforms in connection with handling traffic.

Items

Blocks and falls.
 Canvas covers (tarpaulins).
 Carts.
 Chain hoists.
 Dollies (platform).
 Electric motor trucks.
 Hamper trucks.
 Platform trucks.
 Rollers.
 Scales.
 Signal equipment.
 Signs (electric and portable).
 Skidboards.
 Warehouse trucks.
 Weighing devices.

1271. *Improvements to leasehold property.*—A. This account shall include, except as provided in paragraph B following, the cost of initial improvements (including rearrangements, additions, and betterments) to property used for motor carrier operations and held under lease or through control of the carrier owning the property, and in existence at the date of the balance sheet; and the cost of any subsequent additions to and betterments of such leased or controlled property but not including replacements of other than the carrier's own improvements. Amortization and depreciation on such expenditures shall be provided for in the manner set forth in instruction 25.

B. When the cost of alterations to leased property used in motor carrier operations otherwise chargeable to this account is not in excess of \$50.00 or the period of the lease is less than one year, the cost may be charged to the accounts chargeable with the cost of repairs to such property.

1281. *Undistributed property.*—A. When a carrier purchases or sells any property constituting a distinct operating unit (see definition 24) or otherwise finds it necessary because of incomplete financial records to make a general readjustment of operating property records, temporary charges or credits to this account may be made with approval of the Commission, and the distribution of the amounts involved shall be made promptly to the appropriate accounts after authorization by the Commission.

B. Balances in accounts previously carried representing property owned as of the effective date of this system of accounts may be carried temporarily in this account. Journal entries distributing such balances to the appropriate property accounts prescribed herein shall be made and filed with the Commission not later than one year after the effective date of this system of accounts.

1291. *Unfinished construction.*—This account shall include the cost of construction projects not ready for service at the date of the balance sheet. It shall include all elements of cost as set forth in instruction 19.

NOTE.—This account is intended to include only charges for new construction not involving any replacement. If, however, at the beginning of a job involving the replacement or retirement of any operating property, the accounting carrier makes full credits therefor to the appropriate property accounts, the cost of installing new property in substitution or replacement may be carried in this account pending completion of the work. (See also account 1890—Other Deferred Debits.)

1300. *Carrier operating property leased to others.*—A. This account shall include the cost (see instruction 19) of carrier operating property owned by the carrier but leased to others as distinct operating units (see definition 24) or systems for use in motor carrier operations, where the lessee has exclusive possession.

B. This account shall be sub-divided so as to reflect separately the investment in each class of property as provided for under account 1200—Carrier Operating Property.

1400. *Non-carrier operating property.*—This account shall include the book cost of land, structures and equipment owned by the carrier and used in other than motor carrier operations and not provided for in account 1200—Carrier Operating Property, and account 1300—Carrier Operating Property Leased to Others.

1450. *Non-operating property.*—This account shall include the book cost of land, structures and equipment owned by the carrier, but not used in any of its operating activities.

III. INTANGIBLE PROPERTY

1500. *Organization, franchises and permits.*—This account shall include the balance of the amounts included in accounts 1501 to 1541, inclusive.

1501. *Organization.*—This account shall include fees paid to state or other governmental authority for the privilege of incorporation, and expenditures incident to organizing the corporation, partnership, or other enterprise, and putting it into readiness to do business.

Items

Fees and expenses for incorporation.
 Fees and expenses for mergers or consolidations.
 Office expenses incident to organizing the company.
 Stock and minute books and corporate seal.

NOTE A.—This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance or sale of stock. (See instructions 12 and 13, and accounts 1900—Discount on Capital Stock, and 1910—Commission and Expense on Capital Stock.)

NOTE B.—Exclude from this account, and include in account 4620—Law Expenses, the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off.

NOTE C.—When charges are made to this account for expenses incurred in mergers, consolidations, acquisitions or reorganizations, amounts previously included herein on the books of the retiring companies shall not be carried over. If such items represent part of the assets acquired they shall be included in account 1550—Other Intangible Property. (See instruction 20.)

1511. *Franchises.*—A. This account shall include amounts actually paid to a state or political subdivision thereof or to other governmental authority in consideration of franchises, permits, consents, or certificates running in perpetuity or for a specified term of more than one year, together with the necessary reasonable expenses incident to procuring such franchises, consents, or certificates of convenience and necessity.

B. When a franchise, permit, consent or certificate is acquired by assignment, the charge to this account shall not

exceed the actual cost to the original holder thereof. Payments in excess of the cost to the original holder, together with any expenses incurred by the acquiring carrier shall be charged to account 1550—Other Intangible Property. (See instruction 20.)

C. When any franchises, permits, or consents have expired, and are not immediately renewed, are sold or otherwise disposed of, credits to this account shall be made representing the amounts at which such items (including expenses of acquisition) are carried herein, concurrent charges shall be made to account 2600—Reserve for Amortization—Carrier Operating Property, or to surplus as appropriate. Expenses incurred in connection with renewals shall be charged to the appropriate operation and maintenance expense account.

D. This account shall be sub-divided to reflect separately amounts pertaining to:

- (1) Perpetual Franchises.
- (2) Fixed-Term Franchises.

NOTE.—Regularly recurring payments made to any political subdivision for the right to operate within its boundaries shall be charged to account 5200—Operating Taxes and Licenses.

1541. *Patents.*—A. This account shall include the cost (see instruction 19) of patent rights, licenses, and privileges necessary or valuable to the economical conduct of motor carrier operations, and which have a life of more than one year from the date they become effective.

B. When any right or license included herein expires or is canceled and is not immediately renewed, is sold, or otherwise disposed of, credit to this account shall be made representing the amount at which such right or license is included herein. Concurrent charge shall be made to account 2600—Reserve for Amortization—Carrier Operating Property, or to surplus as appropriate. Expenses incurred in connection with renewals shall be charged to the appropriate operation and maintenance expense account.

1550. *Other intangible property.*—A. This account shall include any intangibles not provided for elsewhere, including any undistributed portion of the purchase cost of a transportation system or portion thereof, constituting a distinct operating unit (see definition 24) not includible in specific accounts provided for assets acquired or liabilities assumed. (See instruction 20.)

B. The carrier may amortize the balance carried in this account by credits hereto and concurrent charges to account 7500—Other Deductions, or the amount carried herein for any item may be written off to account 2946—Other Debits to Surplus.

IV. INVESTMENT SECURITIES AND ADVANCES

1600. *Investments and advances—Associated companies.*—A. This account shall include the book cost (see instruction 15) of the carrier's investments in securities issued or assumed by associated companies; notes of associated companies maturing later than one year from date of issue; and the amount of advances to associated companies not subject to current settlement, including accrued interest on such advances when not subject to current settlement. Exclude from this account securities held in special funds or as temporary cash investments. (See definitions 6 and 8, account 1060—Temporary Cash Investments, and instruction 15.)

B. This account shall be subdivided to reflect separately:

- (1) Common Stocks.
- (2) Preferred Stocks.
- (3) Bonds.
- (4) Notes.
- (5) Other Investments.
- (6) Advances.

NOTE A.—Balances in open accounts with associated companies which are subject to current settlement shall be included in account 1100—Receivables from Associated Companies.

NOTE B.—Securities pledged shall be shown separately from securities unpledged.

NOTE C.—Securities borrowed by the carrier and pledged shall not be included in this account. A memorandum record shall be kept.

1650. *Other investments and advances.*—A. This account shall include the book cost (see instruction 15) of the carrier's investments in securities issued or assumed by other than associated companies; notes of other companies and persons, maturing later than one year from date of issue; the cash surrender values of insurance policies carried on the lives of officers and employees when the carrier is beneficiary of such policies; advances to other companies and individuals not subject to current settlement, including any accrued interest on such advances when not subject to current settlement.

B. This account shall be subdivided to reflect separately:

- (1) Common Stocks.
- (2) Preferred Stocks.
- (3) Bonds.
- (4) Notes.
- (5) Other Investments.
- (6) Advances.

NOTE A.—Balances in open accounts with other companies and individuals which are subject to current settlement shall be included in account 1120—Accounts Receivable.

NOTE B.—Securities pledged shall be shown separately from securities unpledged.

NOTE C.—Securities borrowed by the carrier and pledged shall not be included in this account. A memorandum record shall be kept.

V. SPECIAL FUNDS

1701. *Sinking funds.*—A. This account shall include the amount of cash or other items when held by trustees or other fiscal agents in charge of sinking funds, or by the carrier itself when they are segregated in a distinct fund, for the purpose of redeeming outstanding obligations. (See instruction 15.)

Items

Cash.

Securities of other companies or other assets, at cost except as otherwise provided herein.

Live securities, issued or assumed by the carrier, at face value. (For conditions under which such securities may be kept alive, see instruction 14.)

Amounts deposited with trustees or other fiscal agents on account of mortgaged property sold, when held for the redemption of securities.

Securities of the carrier issued to trustees without intervening sale, at face value.

B. A separate subdivision shall be kept for each fund, the title of which shall designate the obligation in support of which the fund was created.

1751. *Depreciation funds.*—This account shall include the amount of cash and the cost (see instruction 15) of securities of other companies and other assets which have been specifically set aside for the purpose of providing a fund for the replacement of units of depreciable property.

1781. *Miscellaneous special funds.*—This account shall include the amount of cash and the cost (see instruction 15) of securities of other companies and other assets in insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for purposes not provided for elsewhere; and the face value of securities issued or assumed by the carrier which may be held alive in such funds under instruction 14. Also include in this account deposits in lieu of mortgaged property sold and other trust deposits, pending their refund when equivalent property is acquired or pending their transfer under mortgage provisions to account 1701—Sinking Funds. A separate subdivision shall be provided for each fund.

VI. DEFERRED DEBITS

1800. *Prepayments.*—This account shall include the balances representing payment of items in advance of their accrual, the benefit of which is to be realized subsequent to the time of such payment. Entries shall be made each period transferring from this account to the appropriate account the portion of each prepayment which is applicable to that period.

The account shall be kept so that there can be determined readily the amounts applicable to the following:

- (1) Taxes and Licenses.
- (2) Insurance.
- (3) Interest.
- (4) Rents.
- (5) Tires and tubes. (See account 4160—Tires and Tubes—Revenue Equipment.)
- (6) Miscellaneous.

NOTE.—Prepayments of minor items applicable to the current year may be charged directly to the appropriate operation and maintenance expense or other accounts.

1880. *Unamortized debt discount and expense.*—This account shall include the total of the net debit balances representing the excess of the discount and expense over the premium in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained in respect of each issue of such obligations. (See instruction 13.)

1890. *Other deferred debits.*—A. This account shall include all debit balances in suspense accounts that cannot be entirely cleared and disposed of until further information is received; also items of a deferred nature (except items chargeable to account 1800—Prepayments, or account 1880—Unamortized Debt Discount and Expense) which are subsequently to be amortized to the appropriate operation and maintenance expense or other accounts. This includes amounts on deposit with banks which have failed, pending determination of loss; amounts paid for options pending final disposition which are not recoverable; expenditures for plans and investigations made for determining the feasibility of projects under contemplation, pending further disposition; and expenditures for valuations, inventories, and appraisals made in connection with the contemplated purchase or sale of property. (See instruction 19.) If projects in connection with which such preliminary costs were incurred are abandoned, the expense shall be charged to account 2946—Other Debits to Surplus.

B. This account may also include losses in service value of property retired for causes for which provision has not been made in the depreciation reserve and losses from retirements which could not reasonably have been foreseen and provided for. (See instruction 21 and account 5120—Property Loss Chargeable to Operations.) The carrier shall make application to the Commission for permission to make such use of this account for the foregoing purpose, and in the application the carrier shall give full particulars concerning the property retired or abandoned, the reason for which it is retired or abandoned, the amounts provided in respect thereto in the depreciation and amortization reserves, the amount chargeable to this account, and the period over which, in its judgment, such amount should be distributed.

C. This account shall also include other debit items which are subject to amortization by order of the Commission.

D. This account shall also include the balances in clearing accounts maintained to carry temporarily the cost of operating and maintaining such facilities as office buildings, storehouses, etc.; and such overhead costs as it is desirable to apportion to the construction, operating, and other accounts involved. (See instruction 16.)

VII. MISCELLANEOUS DEBIT ITEMS

1900. *Discount on capital stock.*—This account shall include the discounts suffered in the sale of capital stock. (See instructions 12 and 14.)

1910. *Commission and expense on capital stock.*—This account shall include all expenses incurred in connection with the issuance and sale of capital stock. (See instructions 12 and 14.)

Items

Fees and expenses in obtaining permission from regulatory bodies for the issuance of stock and in filing papers of notification thereunder.

Fees paid to promoters.

Listing stock on exchanges.

Preparation and distribution of prospectuses.

Preparation and issuance of certificates of stock.

Soliciting subscriptions for stock, including fees, commissions, advertising and printing.

Taxes paid on stock issues.

1920. *Reacquired securities.*—This account shall include in subdivisions for each class, the face, par, or stated value of capital stock, bonds, and other forms of securities which have been actually issued or assumed by the carrier, and reacquired and are neither retired nor properly includible in sinking or other funds.

NOTE A.—The accounting for the reacquisition of securities and resales thereof shall be in accordance with instruction 14.

NOTE B.—This account shall be maintained so as to reflect separately securities pledged and unpledged.

NOTE C.—In reports to the Commission the balance in this account shall be deducted from the securities accounts on the liability side, thereby extending into the money column the amounts to reflect the actually outstanding securities.

1990. *Nominally issued securities.*—A. This account shall include in subdivisions for each class, the face value of capital stock, bonds, and other forms of securities which have been nominally but not actually issued by the carrier. (See definitions 2 and 30.)

B. When stock without par value is nominally issued, a memorandum entry shall be made to this account showing the number of shares thus issued.

NOTE A.—This account shall be maintained so as to reflect separately securities pledged and unpledged.

NOTE B.—In reports to the Commission, the balance in this account shall be deducted from the securities accounts on the liability side, thereby extending into the money column the amounts to reflect the actually outstanding securities.

LIABILITY SIDE

VIII. CURRENT LIABILITIES

2000. *Notes payable.*—A. This account shall include the face value of outstanding obligations in the form of notes, drafts, acceptances, and other similar evidences of indebtedness which by their terms do not run for a period in excess of one year, including the face value of notes receivable discounted or sold without releasing the carrier from liability as endorser thereon.

B. Subdivisions shall be maintained to show separately obligations maturing upon demand from obligations bearing a specified date of maturity.

NOTE A.—Notes payable to associated companies shall be included in account 2030—Payables to Associated Companies.

NOTE B.—Unmatured equipment obligations irrespective of maturity shall be included in account 2300—Equipment Obligations.

2020. *Matured equipment and long-term obligations.*—This account shall include the amount (including obligations for premiums) of equipment obligations, long-term obligations and receivers' certificates matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds called for redemption.

2030. *Payables to associated companies.*—A. This account shall include the total of amounts payable to associated companies (see definition 6) which are subject to current settlement (see definition 17), such as credit balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property and similar items; interest and dividends due to associated companies; and loans, notes and drafts which are payable to associated companies.

B. This account shall be sub-divided to reflect separately:

- (1) Loans and Notes Payable—Associated Companies.
- (2) Interest and Dividends Payable—Associated Companies.
- (3) Accounts Payable—Associated Companies.

NOTE A.—On the balance sheet accounts payable to associated companies shall be set off against accounts receivable from the same companies.

NOTE B.—No amount representing dividends payable shall be included in this account unless they have been declared or guaranteed.

NOTE C.—Items which are not subject to current settlement shall be included in account 2200—Advances Payable—Associated Companies.

2050. *Accounts payable*.—A. This account shall include amounts payable to others (except associated companies) for materials and supplies and services received, including use of property, other matured rents, amounts due to public authorities, amounts of payable judgments, current accounts with officers and employees, personal injury and property damage claims, and other similar items.

B. This account shall also include the balances due to other carriers (except associated companies) in favor of each of which there is a net credit balance representing traffic or interline accounts.

C. This account shall be sub-divided to reflect separately:

(1) Accounts Payable—Officers, Stockholders and Employees.

(2) Traffic or Interline Account Balances.

(3) Accounts Payable—Others.

NOTE.—Accounts with other carriers representing traffic or interline accounts which contain net debit balances shall be included in account 1120—Accounts Receivable.

2070. *Wages payable*.—This account shall include the amount of wages payable or accrued pay rolls at the date of the balance sheet. Unclaimed wages should be transferred to account 2190—Other Current Liabilities.

2080. *Unredeemed tickets*.—Carriers using the "ticket lift basis" in recording revenues shall credit this account with the amounts received from the sale of mileage books, scrip books, tokens, strip or coupon tickets, commutation or other forms of tickets which are valid for transportation. This account shall be charged and the appropriate revenue account credited as tickets, tokens, or coupons are honored for transportation. This account shall also be charged with unused portions of tickets, tokens, or coupons with concurrent credits to cash or other appropriate account for the amount redeemed and to the appropriate revenue account for the portion not so redeemed or redeemable.

NOTE.—Carriers using the "ticket sales basis" in recording revenues shall credit account 3200—Passenger Revenue, with their proportion received from the sale of tickets, etc.

2090. *C. O. D.'s unremitted*.—This account shall be credited with amounts of C. O. D.'s collected from consignees for shippers on express delivered.

This account shall be charged when remittances of amounts of C. O. D.'s are made to shippers.

NOTE.—Fees for handling C. O. D.'s shall be credited to the express revenue account.

2100. *Dividends declared*.—This account shall include the amount of dividends declared but not paid on any issue of capital stock of the carrier. Dividends shall be credited to this account as of the day upon which they become a liability of the carrier.

NOTE.—Dividends declared and payable to associated companies shall be included in account 2030—Payables to Associated Companies.

2120. *Taxes accrued*.—A. This account shall be credited each period with the amount of taxes accrued during the period, with concurrent debits to the appropriate accounts for tax charges. As credits to this account will necessarily be based upon estimates, they shall be adjusted from time to time during the year so that the tax charge accounts may show as nearly as possible, the taxes applicable to the year. Payments of taxes for which accruals have been made shall be debited to this account. Amounts representing prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be included in account 1800—Prepayments.

B. The records supporting the entries to this account shall be kept so that the carrier can furnish information as to the amount and basis for each tax accrual, the kinds of taxes paid, the amount of each and the accounts charged with the tax accruals.

2150. *Interest accrued*.—A. This account shall include the amount of interest accrued to the date of the balance sheet,

but not payable until after that date, on all indebtedness of the carrier except interest which is added to the principal.

B. When interest matures without being paid it shall be charged to this account and credited to account 2030—Payables to Associated Companies or account 2160—Matured Interest, as appropriate. Payments to trustees or other agents of the holders of bonds or other securities, of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the carrier from further liability for such interest, shall be accounted for in the same manner as payments of interest made directly to bondholders.

NOTE.—Interest accrued upon any judgment against the carrier shall be credited to the account to which such judgment stands credited.

2160. *Matured interest*.—This account shall include the amount of matured and unpaid interest on obligations of the accounting carrier whether the cause of the failure to pay the interest is on the part of the creditor or for other reasons except where such interest is added to the principal of the obligation.

NOTE.—Interest payable to associated companies shall be included in account 2030—Payables to Associated Companies.

2190. *Other current liabilities*.—This account shall include all current and accrued liabilities not includible in any of the foregoing accounts. This includes unmatured rents accrued, and unclaimed wages.

IX. ADVANCES PAYABLE

2200. *Advances payable—Associated companies*.—A. This account shall include the amount of advances from associated companies, whether evidenced by notes or open accounts which are not subject to current settlement, including interest accrued thereon, when such interest is not subject to current settlement.

B. This account shall be subdivided so as to show for each creditor:

(1) Notes Payable.

(2) Open accounts not subject to current settlement.

(3) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE.—Amounts of temporary advances which are subject to current settlement such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be included in account 2030—Payables to Associated Companies.

2250. *Other advances payable*.—A. This account shall include the amount of advances from individuals and companies other than associated companies, whether evidenced by notes or open accounts, which are not subject to current settlement, including interest accrued thereon when such interest is not subject to current settlement.

B. This account shall be subdivided so as to show for each creditor:

(1) Notes Payable.

(2) Open accounts not subject to current settlement.

(3) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE.—Amounts of temporary advances which are subject to current settlement such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be included in account 2050—Accounts Payable.

X. EQUIPMENT AND OTHER LONG-TERM OBLIGATIONS

2300. *Equipment obligations*.—A. This account shall include the face value of unmatured equipment obligations, issued by the carrier and not retired and canceled. This includes equipment bonds, equipment notes, chattel mortgages, and other obligations for which equipment is pledged as security or is held under a conditional sales agreement; also the face value of equipment obligations issued by others, the payment of which has been assumed by the carrier; and of equipment obligations so issued or assumed, the maturity of which has been extended by specific agreement.

B. This account shall be kept so as to show the face value of equipment obligations (1) nominally issued, and (2) actually outstanding. (See definitions 3 and 31.)

C. A separate subdivision shall be maintained for each class of equipment obligation and no issues shall be considered to be of the same class unless identical as to liability and nature of property covered.

NOTE A.—Equipment obligations matured and unpaid without specific agreement for extension as to time of payment, including unrepresented equipment obligations called for redemption shall be included in account 2020—Matured Equipment and Long-Term Obligations.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

2330. *Bonds*.—A. This account shall not include the face value of the unmatured bonds which have not been retired or canceled (except equipment bonds—see account 2300—Equipment Obligations); also the face value of such bonds issued by others, the payment of which has been assumed by the carrier.

B. This account shall be kept so as to show the face value of bonds (1) nominally issued, and (2) actually outstanding. (See definitions 3 and 31.)

C. A separate subdivision shall be maintained for each class and series of bonds, and no issue shall be considered to be of the same class unless identical as to liability and nature of property covered.

NOTE A.—Bonds matured and unpaid without specific agreement for extension as to time of payment, including unrepresented bonds called for redemption, shall be included in account 2020—Matured Equipment and Long-Term Obligations.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

2360. *Other long-term obligations*.—A. This account shall include all long-term obligations not otherwise provided for. This covers such items, executed or assumed, as real estate mortgages; assessments for public improvement; receipts outstanding for long-term obligations; and other obligations maturing more than one year from date of issue.

B. This account shall also include the face value of certificates of indebtedness issued upon the property by receivers in possession of the property acting under the orders of a court.

NOTE A.—Separate subdivisions shall be maintained for each class of obligation included herein, and records shall be maintained to show separately for each issue all details as to date of issue, date of maturity, interest dates and rates, security for obligations, etc.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

NOTE C.—Matured obligations which are unpaid shall be included in account 2020—Matured Equipment and Long-Term Obligations.

XI. DEFERRED CREDITS

2400. *Unamortized premium on debt*.—This account shall include the total of all credit balances representing the excess of the premium over the discount and expense in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained in respect of each issue of obligations. (See instruction 13.)

2450. *Other deferred credits*.—This account shall include the credit balances in suspense accounts that can not be entirely cleared and disposed of until additional information is received, and other items of a deferred nature. (See instruction 16.)

XII. RESERVES

2500. *Reserve for depreciation—carrier operating property*.—A. This account shall be credited with the following:

(1) Amounts charged to account 5000—Depreciation Expense, account 5500—Income from Lease of Carrier Property—Credit, or other accounts for currently accruing depreciation (see definition 22) of carrier operating property as provided in instruction 25.

(2) Amounts which the carrier may charge to account 2946—Other Debits to Surplus, or transfer to this account for depreciation accrued but not provided for prior to the effective date of this system of accounts.

(3) The amount of depreciation accrued to date of transfer applicable to carrier operating property acquired as distinct operating units when the carrier elects to set up the book cost of such property as provided in instruction 20.

(4) The amount of depreciation accrued to date of transfer, applicable to property transferred from accounts 1400—Non-Carrier Operating Property, or 1450—Non-Operating Property, to accounts 1200—Carrier Operating Property, or 1300—Carrier Operating Property Leased to Others. (See instruction 23.)

B. Charges to this account in connection with carrier operating property retired shall be made in accordance with instruction 21. This account shall also be charged with the amount of depreciation accrued to date of transfer applicable to property transferred from accounts 1200—Carrier Operating Property, or 1300—Carrier Operating Property Leased to Others, to accounts 1400 or 1450.

C. This account shall be sub-divided to reflect the balance applicable to each class of property as follows:

- 2511. Structures.
- 2521. Revenue Equipment.
- 2531. Service Cars and Equipment.
- 2541. Shop and Garage Equipment.
- 2551. Furniture and Office Equipment.
- 2561. Miscellaneous Equipment.
- 2571. Improvements to Leasehold Property.
- 2581. Undistributed Property.
- 2591. Carrier Operating Property Leased to Others.

2600. *Reserve for amortization—Carrier operating property*.—A. This account shall be credited with amounts charged to account 5110—Amortization of Carrier Operating Property, or other appropriate account, for the amortization of leaseholds, franchises, consents, privileges, patents, and other intangible property having a fixed-term life, and for losses expected to be incurred through the reversion of improvements on leased property prior to the expiration of their service lives. (See instruction 25.)

B. When any leasehold, franchise, permit, consent, privilege or patent expires, is sold or relinquished, or is otherwise retired from service, this account shall be charged with the amount previously credited hereto in respect of such property. The difference between the proceeds realized and the net book cost (see definition 29 and instruction 25) of the property retired shall be included in account 5110—Amortization of Carrier Operating Property.

C. Records shall be maintained so as to show separately the balances applicable to each item of intangible property which is being amortized.

D. This account shall be credited with such amounts as are necessary to reflect, as of the effective date of this system of accounts, the expired portion of the life of franchises, permits, consents, patent rights, leaseholds, easements, rights-of-way, other interest in land, or other intangible property which has a fixed term life, the cost of which is included in operating property accounts 1200 and 1300 and intangible property accounts 1500 and 1550. To the extent that provision has not previously been made the amounts credited to this reserve shall be concurrently debited to account 2946—Other Debits to Surplus.

2610. *Reserve for depreciation and amortization—Other property*.—This account shall include amounts provided for depreciation and amortization of properties carried in accounts 1400—Non-Carrier Operating Property, and 1450—Non-Operating Property.

2650. *Reserve for uncollectible accounts*.—This account shall be credited each period with amounts reserved for receivables which may become uncollectible.

NOTE A.—Charges applicable to receivables for carrier operating revenues shall be included in account 4680—Uncollectible Revenues.

NOTE B.—Charges applicable to other than carrier operating revenues shall be included in account 7500—Other Deductions.

NOTE C.—Charges for items not applicable to motor carrier operations shall be included in accounts 6000—Net Income from Non-Carrier Operations, or 6100—Net Income from Non-Operating Property, as appropriate.

2660. *Insurance reserves.*—A. This account shall be credited with amounts charged to account 4570—Fire and Theft Insurance, account 4580—Other Insurance, or other appropriate accounts to provide a reserve for losses through collision, accident, fire, flood, or other hazards to the carrier's own property or to property leased from others which are not covered by outside insurance. (See instruction 27.) A schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. The cost to the carrier of repairing damaged property owned or leased from others and of replacing damaged or destroyed property leased from others shall first be charged to the account appropriate for the cost of repairs or replacement. When the risk is specifically provided for in the schedule applicable to this account, the cost of repairs or restoration of the property damaged shall be charged to this account and credited to the account previously charged. Such charges shall not exceed the amount of the risk provided for in the schedule. When carrier operating property is destroyed or so badly damaged as to require retirement, the amount provided therefor in the schedule of risks applicable to this account shall be charged hereto and credited to account 2500—Reserve for Depreciation—Carrier Operating Property.

2680. *Injuries, loss and damage reserves.*—A. This account shall be credited with amounts charged to accounts 4530—Injuries and Damages, 4546—Workmen's Compensation—Self Insurer, 4560—Baggage and Express Loss and Damage, or other appropriate accounts to provide a reserve against claims for deaths of or injuries to employees and others; for damages to property not owned or held under lease by the carrier; and for loss, destruction, damage, or delays to property entrusted to the carrier for transportation or storage, which are not covered by outside insurance. (See instruction 27.) A schedule of risks covered by this reserve shall be maintained in sufficient detail to indicate the character of the risks covered and the rates used.

B. This account shall be charged with claims payable for injuries and damages when the risk is specifically provided for in the schedule applicable to this account.

C. When liability for any injury or damage is admitted by the carrier either voluntarily or because of the decision of a court or other lawful authority such as a workmen's compensation board, industrial commission, etc., the amount shall be charged to this account. The amount of such a liability shall be credited to account 2030—Payables to Associated Companies, account 2050—Accounts Payable, or account 2450—Other Deferred Credits, as appropriate, until paid or liquidated.

D. This account shall be subdivided to reflect:

- (1) Reserve for Personal Injuries and Property Damage.
- (2) Reserve for Baggage and Express Loss and Damage.

NOTE.—The accounting for repairs and replacements of property owned, or leased from others, shall be as provided in paragraph B of account 2660—Insurance Reserves.

2690. *Other reserves.*—A. This account shall include amounts reserved by the carrier for purposes which are not provided for in any of the preceding reserves. There shall be reported hereunder such accounts as sinking fund reserves, contingency reserves and other reserves created by charges to income or surplus.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and the amounts of the debits and credits thereto.

XIII. CAPITAL STOCK

2700. *Preferred capital stock.*—

2710. *Common capital stock.*—A. These accounts shall include the par value of stocks with par value; the stated

value of non-par stocks having a stated value; and the cash value of the consideration received, including assessments, for non-par stocks without stated value, which have been nominally or actually issued.

B. Separate accounts shall be provided for each class of stock, and the title of each account shall clearly identify the class of stock covered. Issues of stock shall not be considered as of the same class unless identical in all provisions, nor shall there be carried any undivided item in respect of more than one class of stock.

C. When stock is issued for cash, that fact shall be stated; if for any consideration other than cash, the person to whom it is issued shall be designated and the consideration for which it is issued shall be described with sufficient particularity to identify it. If such issuance is to the treasurer or other agent of the corporation for purpose of sale, that fact and the name of such agent shall be shown; and such agent shall show like details concerning the consideration realized therefor in his account of the disposition thereof, which when accepted by the corporation, shall be preserved as a corporate record.

D. When capital stock is retired and canceled, these accounts shall be charged with the amount at which such stock is carried in these accounts.

NOTE A.—For each class of stock the records shall show the number of shares nominally issued, actually outstanding, and nominally outstanding. (See definitions 3 and 31.) When non-par stock (without stated value) is nominally issued a memorandum entry shall be made showing only the number of shares so issued.

NOTE B.—When non-par stock is issued in exchange for par stock, or non-par stock with stated value, amounts included in account 2720—Premiums and Assessments on Capital Stock, for the retired stock, shall be treated as part of the consideration received for non-par stock.

NOTE C.—No entries recording changes in the par value of stocks with par value; the stated value of non-par stocks having a stated value; or the recorded value of non-par stocks without stated value shall be made in any account for capital stock without approval of the Commission.

2720. *Premiums and assessments on capital stock.*—A. This account shall include the excess of the actual cash value (at the time of sale of the stock) of the consideration received over the par or stated value of the stock issued, plus accrued dividends, if any; and subsequent assessments against stockholders representing payments required in excess of par or stated value.

B. A separate subdivision shall be maintained for premiums on each class and series of stock.

C. When capital stock is retired and canceled, the amount in this account with respect to the shares retired and canceled shall be debited hereto in accordance with instruction 14.

2730. *Capital stock subscribed.*—This account shall include the amount of legally enforceable subscriptions to capital stock of the carrier. It shall be credited with the par or stated value, or with the subscription price in the case of stock without par or stated value, exclusive of accrued dividends, if any. Concurrently a debit shall be made to account 1140—Subscribers to Capital Stock, for the agreed purchase price and any discount or premium debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the stocks subscribed, this account shall be debited and the appropriate capital stock account credited with the par or stated value (or the consideration received in the case of non-par stock without a stated value) of the stock.

XIV. NON-CORPORATE CAPITAL

2800. *Sole proprietorship capital.*—This account shall include the investment in an unincorporated carrier by the proprietor thereof and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year as developed in the income account shall be transferred to this account. There shall also be entered in this account such items as in corporate organizations are handled through earned surplus

accounts 2930 to 2946. (See optional accounting procedure provided in note B, hereunder.)

NOTE A.—Amounts payable to the proprietor as fair and reasonable compensation for services performed, shall be charged to the appropriate operation and maintenance expense or other accounts.

NOTE B.—This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawals of portions thereof not representing net income. When this option is taken the surplus accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

2810. *Partnership capital*.—This account shall be credited, where the business is conducted by an unincorporated firm, co-partnership or under any style other than that of an incorporated company or sole proprietorship, with the respective amounts paid into the business by the partners therein, and shall be charged with all withdrawals from the business by each partner. At the end of each calendar year the net income for the year as developed in the income account shall be transferred to this account. There shall also be entered in this account such items as in corporate organizations are handled through earned surplus accounts 2930 to 2946. (See optional accounting procedure provided in note C hereunder.)

NOTE A.—Amounts payable to the partners as fair and reasonable compensation for services performed, shall be charged to the appropriate operation and maintenance expense or other accounts.

NOTE B.—Separate accounts shall be kept to show the net equity of each member of the co-partnership and the transactions affecting the interest of each such partner. The total of the balances in such accounts shall be shown as one amount in the balance sheet.

NOTE C.—This account may be restricted to the amount considered by the members of the co-partnership to be their permanent investment in the business, subject to change only by additional investments by the co-partners or the withdrawals of portions thereof not representing net income. When this option is taken the surplus accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

XV. UNAPPROPRIATED SURPLUS

2900. *Unearned surplus*.—A. This account shall include all surplus not classified herein as earned surplus. It shall include such items as surplus arising from the donations by stockholders of the carrier's capital stock; surplus recorded at reorganization or in connection with recapitalization; net credits resulting from reacquisition or resales of carrier's capital stock (see instruction 14); amortization of discount and expense on capital stock (see instruction 12); and from a reduction of the par or stated value of the carrier's capital stock where allowed by statute.

B. No entry shall be made in this account to create unearned surplus arising out of the revaluation of carrier operating property except upon written order of the Commission.

C. This account shall be subdivided into accounts to show each source of unearned surplus.

2930. *Earned surplus*.—A. This account shall include the balance of the amounts included in accounts 2931 to 2946, inclusive, either debit or credit, of unappropriated surplus arising from earnings. It shall not include surplus property includible under accounts 2800—Sole Proprietorship Capital, 2810—Partnership Capital, or 2900—Unearned Surplus.

B. The balances of all earned surplus accounts (2931 to 2946, inclusive) shall be closed to this account at the end of each calendar year.

Earned Surplus Accounts

I. Credits

2930. Earned Surplus (or Deficit) at Beginning of Period.

2931. Surplus Credits Applicable to Prior Years.

2932. Credit Balance Transferred from Income Account.

2933. Other Credits to Surplus.

Total Credits.

II. Debits

2941. Surplus Debits Applicable to Prior Years.

2942. Debit Balance Transferred from Income Account.

2943. Dividend Appropriations.

2944. Appropriations to Reserves.

2945. Other Appropriations.

2946. Other Debits to Surplus.

Total Debits.

2930. Earned Surplus (or Deficit) at End of Period.

I. CREDITS

2931. *Surplus credits applicable to prior years*.—This account shall include major items which are directly applicable to prior years' operations and which, if credited to the income, operating revenue, or operating expense accounts of the current year, would seriously distort those accounts. (See instruction 7.)

2932. *Credit balance transferred from income accounts*.—This account shall include the net credit balance brought forward from the income account for the current calendar year.

2933. *Other credits to surplus*.—This account shall include all credits affecting the carrier's surplus or deficit and not elsewhere provided for, such as:

(1) Cancellation of balance sheet accounts representing unclaimed wages or other liabilities written off because of inability to locate the creditor.

(2) Profit derived from the sale of investments or property not provided for elsewhere.

(3) Credits resulting from difference between the cost of debt obligations reacquired and the amount chargeable to account 1920—Reacquired Securities.

(4) Credits not provided for elsewhere.

II. DEBITS

2941. *Surplus debits applicable to prior years*.—This account shall include major items which are directly applicable to prior years' operations and which, if charged to the income, operating revenue, or operating expense accounts of the current year, would seriously distort those accounts. (See instruction 7.)

2942. *Debit balance transferred from income account*.—This account shall include the net debit balance brought forward from the income account for the current calendar year.

2943. *Dividend appropriations*.—A. This account shall include amounts declared as dividends on capital stock actually outstanding.

B. This account shall be subdivided to show separately the dividends on each class of stock. If a dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

NOTE.—Dividend charges shall be restricted to actually outstanding stock and this account shall not include charges for dividends on capital stock issued by the carrier and owned by it.

2944. *Appropriations to reserves*.—This account shall include appropriations from surplus for sinking fund and other reserves and allotments of surplus, or transfers of definite amounts from surplus into sinking fund and other reserves under the terms of mortgages, deeds of trust, or under contracts, and such other appropriations of surplus to be set aside in special reserve accounts as the accounting carrier may make.

2945. *Other appropriations*.—This account shall include appropriations of surplus not includible elsewhere.

2946. *Other debits to surplus*.—This account shall include all debits affecting the carrier's surplus or deficit not elsewhere provided for, such as:

(1) Losses resulting from the sale of investments or property, including any provision made for declines in values of investments, not provided for elsewhere. (See instruction 15.)

(2) Net debits resulting from the difference between the cost of capital stock reacquired and the amount chargeable to account 1920—Reacquired Securities. (See instructions 12 and 14.)

(3) Debits resulting from difference between the cost of debt obligations reacquired and the amount chargeable to account 1920—Reacquired Securities. (See instructions 13 and 14.)

(4) Adjustment and cancellation of balance sheet accounts representing assets other than uncollectible revenues and other receivables for services rendered and material and supplies furnished.

(5) Debits not provided for elsewhere.

Form of Balance Sheet Statement (See Instructions 17 and 18)

ASSET SIDE

Current Assets:

1000. Cash	\$	
1020. Working Funds		
1040. Special Deposits		
1060. Temporary Cash Investments:		
(a) Pledged	\$	XXX
(b) Unpledged		XXX
1080. Notes Receivable	\$	
1100. Receivables from Associated Companies		
1120. Accounts Receivable		
Less: Reserve for Uncollectible Accounts		
1140. Subscribers to Capital Stock		
1160. Interest and Dividends Receivable		
1180. Material and Supplies		
1190. Other Current Assets		

Total Current Assets

Tangible Property:

1200. Carrier Operating Property		
Less: Reserve for Depreciation and Amortization		
1300. Carrier Operating Property Leased to Others		
Less: Reserve for Depreciation and Amortization		
1400. Non-Carrier Operating Property		
Less: Reserve for depreciation and Amortization		
1450. Non-Operating Property		
Less: Reserve for Depreciation and Amortization		

Total Tangible Property

Intangible Property:

1500. Organization, Franchises and Permits		
Less: Reserve for Amortization		
1550. Other Intangible Property		
Less: Reserve for Amortization		

Total Intangible Property

Investment Securities and Advances:

1600. Investments and Advances—Associated Companies		
(a) Pledged		XXX
(b) Unpledged		XXX
1650. Other Investments and Advances		
(a) Pledged		XXX
(b) Unpledged		XXX

Total Investment Securities and Advances

Special Funds:

1701. Sinking Funds		
Less: Reserve		
1751. Depreciation Funds		
1781. Miscellaneous Special Funds		
Less: Reserve		

Total Special Funds

Deferred Debits:

1800. Prepayments		
1880. Unamortized Debt Discount and Expense		
1890. Other Deferred Debits		

Total Deferred Debits

Miscellaneous Debit Items:

1900. Discount on Capital Stock		
1910. Commission and Expense on Capital Stock		
1920. Reacquired Securities		XXX
(a) Pledged		XXX
(b) Unpledged		XXX
1990. Nominally Issued Securities		XXX
(a) Pledged		XXX
(b) Unpledged		XXX

Total Miscellaneous Debits

Total Assets

Contingent Assets (not included above)

No. 237—4

Form of Balance Sheet Statement (See Instructions 17 and 18)—Continued

LIABILITY SIDE

Current liabilities:

2000. Notes Payable		
2020. Matured Equipment and Long-Term Obligations		
2030. Payables to Associated Companies		
2050. Accounts Payable		
2070. Wages Payable		
2080. Unredeemed Tickets		
2090. C. O. D.'s Unremitted		
2100. Dividends Declared		
2120. Taxes Accrued		
2150. Interest Accrued		
2160. Matured Interest		
2190. Other Current Liabilities		

Total Current Liabilities

Advances payable:

2200. Advances Payable—Associated Companies		
2250. Other Advances Payable		

Total Advances Payable

Equipment and Other Long-Term Obligations:

2300. Equipment Obligations		
Less: Reacquired and Nominally Issued		
(a) Due within one year		XXX
(b) Not due within one year		XXX
2330. Bonds		
Less: Reacquired and Nominally Issued		
(a) Due within one year		XXX
(b) Not due within one year		XXX
2360. Other Long-Term Obligations		
Less: Reacquired and Nominally Issued		
(a) Due within one year		XXX
(b) Not due within one year		XXX

Total Equipment and Long-Term Obligations

Deferred Credits:

2400. Unamortized Premium on Debt		
2450. Other Deferred Credits		

Total Deferred Credits

Reserves:

2660. Insurance Reserves		
2680. Injuries, Loss and Damage Reserves		
2690. Other Reserves		

Total Reserves

Capital Stock:

2700. Preferred Capital Stock	\$	
Less: Reacquired and Nominally Issued		
2710. Common Capital Stock		
Less: Reacquired and Nominally Issued		
2720. Premiums and Assessments on Capital Stock		
2730. Capital Stock Subscribed		

Total Capital Stock

Non-Corporate Capital:

2800. Sole Proprietorship Capital		
2810. Partnership Capital		

Total Non-Corporate Capital

Unappropriated Surplus:

2900. Unearned Surplus		
2930. Earned Surplus (Deficit in red)		

Total Unappropriated Surplus

Total Liabilities

Contingent Liabilities (not included above)

3000. Operating Revenues		
4000. Operation and Maintenance Expenses		
5000. Depreciation Expense		
5100. Amortization Chargeable to Operations		
5110. Amortization of Carrier Operating Property		
5120. Property Loss Chargeable to Operations		
5200. Operating Taxes and Licenses		

5300. Operating Rents—Net.

- 5310. Equipment Rents—Debit.
- 5320. Other Operating Rents—Debit.
- 5340. Joint Facility Rents—Debit.
- 5350. Equipment Rents—Credit.
- 5360. Rent from Owned Land and Structures.
- 5370. Sub-Lease Rental Income.
- 5390. Joint Facility Rents—Credit.
- 5400. Rent for Lease of Carrier Property—Debit.
- 5500. Income from Lease of Carrier Property—Credit.
- 6000. Net Income from Non-Carrier Operations.
- 6100. Net Income from Non-Operating Property.
- 6200. Interest Income.
- 6300. Dividend Income.
- 6400. Income from Sinking and Other Funds.
- 6500. Other Non-Operating Income.
- 7000. Interest on Long-term Obligations.
- 7100. Other Interest Deductions.
- 7200. Taxes Assumed on Interest.
- 7300. Amortization of Debt Discount and Expense.
- 7400. Amortization of Premium on Debt—Credit.
- 7500. Other Deductions.
- 8000. Provision for Income Taxes.
 - 8010. Federal Income Tax.
 - 8020. Federal Excess Profits Tax.
 - 8030. Federal Surtax on Undistributed Profits.
 - 8040. Other Federal Income Taxes.
 - 8050. State Income Taxes.
 - 8060. Other Income Taxes.

OPERATING REVENUES

3000. *Operating revenues.*—This account shall include the total operating revenues as provided in the primary operating revenue accounts, derived by the carrier from its motor carrier operations during the period covered by the income account.

Operating Revenue Accounts

- 3200. Passenger Revenue.
- 3210. Special Bus Revenue.
- 3220. Baggage Revenue.
- 3300. Mail Revenue.
- 3400. Express Revenue.
- 3500. Newspaper Revenue.
- 3600. Miscellaneous Station Revenue.
- 3900. Other Operating Revenue.

3200. *Passenger revenue.*—A. This account shall include all revenue accrued from the transportation of passengers over regularly operated routes. This includes:

- (1) Revenues upon the basis of local tariff fares.
- (2) The carrier's proportion of revenue from joint-tariff fares.

B. This account shall be charged with:

- (1) Redemptions of unused or partially used local passenger tickets.
- (2) The carrier's proportion of redemption of unused and partially used through or interline passenger tickets.
- (3) The carrier's proportion of overcharges resulting from the application, in error, of fares in excess of tariffs.
- (4) The carrier's proportion of refunds of tickets issued in lieu of passes under regulations of the Commission and Section 217 (b) of the Motor Carrier Act, 1935.

NOTE A.—The foregoing is based upon the practice of accounting on a "ticket sales basis" and not on a "ticket lift basis." Carriers using the "ticket lift basis" shall credit this account with the revenue earned from the transportation of passengers as determined by the "ticket lift" concurrently charging account 2080—Unredeemed Ticket.

NOTE B.—By "regularly operated routes" is meant routes or portions thereof over which uniform service is maintained at intervals of one week or less.

NOTE C.—Revenue from transportation of passengers on special busses at fares based on special rates shall be credited to account 3210—Special Bus Revenue.

NOTE D.—Payments to other carriers for transportation of passengers, their baggage and personal effects to complete any portion of the reporting carrier's haul, shall be charged to account 4250—Purchased Transportation, or account 4370—Purchased Collection and Delivery as appropriate.

NOTE E.—Divisions of tariff rates due other carriers shall be included in the appropriate accounts payable account.

NOTE F.—Revenue derived from sleeping accommodations furnished passengers shall be included in account 3900—Other Operating Revenue.

3210. *Special bus revenue.*—A. This account shall include the amounts earned by the carrier from busses chartered for special passenger and other special contract service.

B. This account shall be charged with the amounts of all special bus refunds.

3220. *Baggage revenue.*—A. This account shall include the revenues earned from the transportation of baggage in excess of free authorized allowances and for the transportation of packages, articles, dogs, etc., as baggage.

B. This account shall be charged with the amounts of all baggage refunds.

3300. *Mail revenue.*—A. This account shall include revenue earned from the transportation of United States and other mails, and from bonuses for special mail transportation.

B. This account shall be charged with fines and penalties imposed by the government in connection with the transportation of mail which are not collectible from agents or employees.

3400. *Express revenue.*—A. This account shall include the amounts earned by the carrier from the transportation of express matter (including milk and cream) at specified tariff rates and the fees for handling express C. O. D.'s.

B. This account shall be charged with:

- (1) The carrier's proportion of overcharges resulting from use of erroneous rates, weights, classifications or computations.
- (2) Uncollected earnings on express destroyed in transit and on short and lost express.

3500. *Newspaper revenue.*—A. This account shall include the revenue earned from the transportation of newspapers at specified tariff rates.

B. This account shall be charged with the amounts of all refunds on newspaper revenue billing resulting from overcharges, etc.

3600. *Miscellaneous station revenue.*—This account shall include the revenue earned by the carrier from:

- (1) Weighing, vending and other automatic machines located at stations.
- (2) Advertising cards at stations.
- (3) Companies or others for the privilege of operating news stands, lunch counters, soda fountains, etc., at stations, and selling papers, periodicals, pillows or pillow service, tobaccos, etc., on busses.
- (4) Telephone companies for the privilege of installing and operating commercial telephones and coinbox telephones at stations.
- (5) Taxicab companies for the privilege of operating taxicab stands at stations.
- (6) Operation of parcel rooms.
- (7) Parcel room privileges in stations and terminals of the carrier and leased to others.
- (8) Storage of baggage.
- (9) Operation of restaurants, cafes, lunch rooms, lunch counters, cafeterias and soda fountains.
- (10) Operation of all other miscellaneous station concessions, not provided for elsewhere.

3900. *Other operating revenue.*—This account shall include revenues not provided for in accounts 3200 to 3600, inclusive, derived from the operation of property, the investment in which is included in account 1200—Carrier Operating Property, including amounts received from sleeping accommodations on busses, snowplow work and revenue from display of advertising in and on revenue automotive equipment, and the excess of guaranteed route revenue over tariff revenues.

OPERATION AND MAINTENANCE EXPENSES

4000. *Operation and maintenance expenses.*—This account shall include the total of operation and maintenance expenses, as provided in the primary accounts, incurred by the carrier in its motor carrier operations during the period covered by the income account.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

4100. Equipment Maintenance and Garage Expense.
 4110. Supervision of Shop and Garage.
 4121. Repairs to Shop and Garage Equipment.
 4122. Operation and Maintenance of Service Equipment.
 4123. Repairs to Shop and Garage Building and Grounds.
 4131. Light, Heat, Power, and Water for Shops and Garages.
 4132. Other Shop and Garage Expenses.
 4140. Repairs to Revenue Equipment.
 4150. Servicing of Revenue Equipment.
 4160. Tires and Tubes—Revenue Equipment.
 4191. Joint Garage Expense—Debit.
 4196. Joint Garage Expense—Credit.
4200. Transportation Expense.
 4210. Supervision of Transportation.
 4220. Drivers' Wages, and Bonuses.
 4230. Fuel for Revenue Equipment.
 4240. Oil for Revenue Equipment.
 4250. Purchased Transportation.
 4261. Road Expense.
 4262. Bridge, Tunnel, and Ferry Tolls.
 4263. Wages of Miscellaneous Transportation Employees.
 4264. Other Transportation Expenses.
4300. Station Expense.
 4311. Salaries and Commissions.
 4314. Supplies and Expenses.
 4319. Repairs to Station Buildings and Equipment.
 4331. Commissions Paid.
 4332. Other Expenses Allowed.
 4340. Interline Commissions Paid.
 4350. Interline Commissions Earned—Credit.
 4360. Collection and Delivery.
 4370. Purchased Collection and Delivery.
 4391. Joint Station Facilities—Debit.
 4396. Joint Station Facilities—Credit.
4400. Traffic, Solicitation and Advertising Expense.
 4410. Salaries and Expenses.
 4430. Tariffs and Schedules.
 4440. Tickets and Baggage Checks.
 4450. Other Traffic Expenses.
 4470. Advertising.
4500. Insurance and Safety Expense.
 4510. Salaries and Expenses—Insurance and Safety.
 4520. Public Liability and Property Damage Insurance.
 4530. Injuries and Damages.
 4541. Workmen's Compensation—Insurance.
 4546. Workmen's Compensation—Self Insurer.
 4550. Baggage and Express Insurance.
 4560. Baggage and Express Loss and Damage.
 4570. Fire and Theft Insurance.
 4580. Other Insurance.
4600. Administrative and General Expense.
 4611. Salaries of General Officers.
 4612. Expenses of General Officers.
 4613. Salaries of General Office Employees.
 4616. Expenses of General Office Employees.
 4620. Law Expenses.
 4630. General Office Supplies and Expenses.
 4640. Communication Service.
 4651. Outside Auditing Expenses.
 4652. Employees' Welfare Expenses.
 4655. Purchasing and Store Expenses.
 4656. Other General Expenses.
 4660. Management and Supervision Fees and Expenses.
 4671. Franchise Requirements—Debit.
 4672. Franchise Requirements—Credit.
 4673. Other Regulatory Commission Expenses.
 4680. Uncollectible Revenues.
 4691. Joint Operating Expense—Debit.
 4696. Joint Operating Expense—Credit.

4100. *Equipment maintenance and garage expense.*—This account shall include the total of amounts included in accounts 4110 to 4196, inclusive.

4110. *Supervision of shop and garage.*—This account shall include the pay and expenses (including cost of operating automobiles) of officials and employees engaged in supervising and directing the repairs to revenue automotive equipment and shop and garage property used in providing motor carrier service, including superintendents, foremen, (except working foremen), inspectors, shop and garage clerks, and timekeepers. (See instruction 28.)

4121. *Repairs to shop and garage equipment.*—This account shall include the cost of repairs (see instructions 26 and 28) to tools, equipment and permanently located machinery used in shops and garages. (For list of equipment, see account 1241—Shop and Garage Equipment.)

NOTE A.—The cost of repairs to portable tools shall be included in account 4132—Other Shop and Garage Expenses.

NOTE B.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damages to shop and garage equipment shall be credited to this account in such manner as to be readily identifiable.

4122. *Operation and maintenance of service equipment.*—This account shall include the cost of labor, fuel, tires and supplies for the operation and the cost of repairs to service equipment, such as trouble cars and wagons, wreckers, repair trucks, snowplows, sweepers, scrapers, refueling cars, automobiles, motorcycles, or other equipment included under account 1231—Service Cars and Equipment. (See instructions 26 and 28.)

NOTE A.—The pay of employees and expenses incurred in operating snowplows, sand and salt cars, and other service equipment used in cleaning and safeguarding roads, shall be charged to account 4261—Road Expense.

NOTE B.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damage to service equipment shall be credited to this account in such manner as to be readily identifiable.

NOTE C.—When any service equipment is used in a particular operation other than maintenance, such as automobiles or motorcycles used in connection with advertising, the cost of operation of such service equipment shall be charged to the account provided for expenses of that character.

4123. *Repairs to shop and garage buildings and grounds.*—This account shall include the cost of repairs to shop and garage structures used in motor carrier operations such as shops, garages, and service stations, together with fixtures, grounds and approaches. (See instructions 26 and 28.)

Items

Changing location of partitions. (See also note A hereunder.)

Maintaining public improvements, including assessments covering such work.

Maintaining yards and grounds, including fences, shrubbery, driveways, sidewalks, platforms, and sewers.

Minor improvements to leased buildings and grounds. (See also instruction 22.)

Repainting buildings, including redecorating interiors of buildings.

Repairing building machinery, fixtures, appurtenances, and appliances, such as elevators, plumbing, and equipment for heating, lighting, and ventilating.

Repairing rented buildings and grounds.

Replacing and repairing awnings, screens, window shades and ventilators, storm doors, storm windows, movable partitions, and similar movable minor items of buildings. (See also note A hereunder.)

Replacing minor items of buildings including labor and material used and the cost of removal and recovery of the items retired less salvage recovered. (See also instruction 21 and note B hereunder.)

Restoring condition of buildings or grounds damaged or otherwise altered in the course of repairs, replacements, additions, or betterments. (See also account 2660—Insurance Reserves.)

NOTE A.—The cost of any substantial increase or decrease in partitions shall be charged or credited, as appropriate, to account 1211—Structures. When partitions of a movable type are replaced by partitions of a permanent type or vice versa, the costs involved shall be accounted for through the operating property and the depreciation reserve accounts.

NOTE B.—The cost of initial improvements (including repairs and rearrangements in the preparation for service of purchased buildings or grounds) shall be charged to account 1201—Land and Land Rights, or account 1211—Structures, as appropriate. The accounting for expenditures on property leased from others shall be as provided in instruction 22.

NOTE C.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damages to buildings and grounds shall be credited to this account in such manner as to be readily identifiable.

4131. *Light, heat, power and water for shops and garages.*—This account shall include the cost of light, heat, power and water used at each shop and garage; the cost of fuel used for heating, lighting or power; also include pay and expenses of employees engaged in producing light, heat, and power. (See instruction 28.)

Items

Fuel for heating, lighting, or power used in shops and garages.

Heat purchased for shops and garages.

Light for shops and garages.

Power for battery charging or for other uses than repairs.

Wages and expenses of employees engaged in producing light, heat, and power for shops and garages.

Water.

4132. *Other shop and garage expenses.*—This account shall include the cost of miscellaneous shop and garage expenses, including the replacement cost (see instruction 21) of small tools, such as reamers, taps, files, hammers and all small tools of like nature; labor and material used in the repair of small tools; pay of employees engaged in receiving, issuing and distributing parts and supplies; pay of gas and oil attendants; transportation, loading and unloading charges on parts and supplies, handled in shops and garages, when not specifically assignable to such parts and supplies; and other miscellaneous labor and expenses not provided for elsewhere. (See instruction 16.)

Items

Ice and other refrigerants.

Lubricants for shop and garage machinery.

Portable hand tools of short life.

Small tools used in repairs or for general shop and garage purposes.

Snow and dust removal—shop and garage yards.

Supplies used in cleaning and for general shop and garage purposes, such as lamps, grease, oil, waste, brushes, brooms, etc.

Other expenses in shops and garages.

4140. *Repairs to revenue equipment.*—This account shall include cost of repairs to revenue automotive equipment used in transportation service. (For list of equipment see account 1221—Revenue Equipment.) This account shall be maintained so as to reflect separately the cost of repairs to revenue automotive equipment involved in accidents. (See instructions 26 and 28.)

NOTE A.—An accident for the purpose of this account is damage caused through the collision of a vehicle with either a stationary or moving object, or through tire failure or fire.

NOTE B.—The accounting for expenditures on motor vehicles leased from others shall be as provided in instruction 22.

NOTE C.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for repairs to motor vehicles shall be credited to this account in such manner as to be readily identifiable.

NOTE D.—The cost of repairs to equipment used in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4150. *Servicing of revenue equipment.*—This account shall include the pay of employees (see instruction 28) engaged in preparing revenue automotive equipment for service and of garage and shop employees other than those engaged in making repairs; the cost of supplies used and miscellaneous expenses incurred in washing, cleaning, greasing and otherwise keeping equipment ready for service; and amounts paid to public garages for storage or servicing (including towing) of revenue automotive equipment.

Items

Garage Employees:

Cleaners.

Oilers and Greasers.

Washers.

Garage Expenses:

Battery charging (labor and distilled water).

Cleaning supplies, such as soap, sponges, brooms, brushes, cloths, rubber clothing, etc.

Graphite.

Grease.

Public garage storage charges.

Public garage servicing charges, including washing, greasing, cleaning, etc., but not repairs.

Washing vehicles.

4160. *Tires and tubes—Revenue equipment.*—A. This account shall include the cost of labor and material used in repairing and renewing (setting up or mounting) tires on revenue automotive equipment, including shoes, inner tubes, valves, flaps, and caps. (See instruction 28.)

B. The entire cost of tires and tubes for revenue automotive equipment purchased outright may be charged to this account at the time applied to vehicles or charged to account 1800—Prepayments, and a prorated portion charged to this account each period based on mileage or other equitable basis. If the latter method is used, adjustments of over or under charges at time of replacement shall be made through this account.

C. Credit to this account any revenues derived from the sale of used tires and tubes and any adjustments on defective tires and tubes, the cost of which has previously been debited hereto.

D. When the carrier contracts to use tires at a flat sum per period or on a basis of miles run or upon some similar basis, the charges for such tire service, including the cost of abused tires, shall be included each period in this account.

NOTE A.—The cost of tires and tubes used by service cars shall be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE B.—The cost of tires and tubes for collection and delivery equipment if determinable shall be included in account 4360—Collection and Delivery.

4191. *Joint garage expense—Debit.*—This account shall include the carrier's proportion of costs incurred by others in maintaining and operating joint shop and garage equipment and facilities, including overhead costs, except items chargeable to account 5340—Joint Facility Rents—Debit. (See definition 25 and instruction 29.)

4196. *Joint garage expense—Credit.*—This account shall include the amounts chargeable to others as their proportion of the costs incurred by the carrier in maintaining and operating joint shop and garage equipment and facilities, including overhead costs, except items creditable to account 5390—Joint Facility Rents—Credit. (See definition 25 and instruction 29.)

4200. *Transportation expense.*—This account shall include the total of amounts included in accounts 4210 to 4264, inclusive.

4210. *Supervision of transportation.*—This account shall include the pay and expenses (including cost of operating automobiles) of officials and employees engaged in supervising and directing transportation service, including superintendents, dispatchers, starters, inspectors, and employees engaged in furnishing tickets and supplies to drivers of passenger vehicles, or to receiving remittances, etc.; cost of light, heat, water, and refrigeration for the transportation department; and the cost of schedule or service checks. (See instruction 28.)

4220. *Drivers' wages and bonuses.*—This account shall include the wages and bonuses of drivers of passenger vehicles engaged in passenger transportation service, including wages paid for time during which they are required to be on duty in readiness for active service. The wages of drivers on special trips for hire should also be charged to this account.

NOTE.—Charge to account 4360—Collection and Delivery, the wages of employees engaged in collecting express from consignors and delivering express to consignees, and local pick-up and delivery service provided for inter-city passengers, when such wages can be separated from those applicable to regular operation between terminals. (See instruction 28.)

4230. *Fuel for revenue equipment.*—This account shall include the cost of gasoline, other fuel and enriching materials used by passenger equipment. Include in this account the cost of storing and handling fuel and amounts payable to others for the cost of transportation.

NOTE A.—Taxes on fuel shall be charged to account 5200—Operating Taxes and Licenses.

NOTE B.—Fuel used by service cars shall be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE C.—The cost of fuel used by equipment in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4240. Oil for revenue equipment.—This account shall include the cost of lubricating oils used in lubricating passenger equipment. Include in this account the cost of storing and handling lubricating oil and amounts payable to others for the cost of transportation.

NOTE A.—Taxes on lubricating oil shall be charged to account 5200—Operating Taxes and Licenses.

NOTE B.—The cost of lubricating oil used by service cars shall be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE C.—The cost of lubricating oil used by equipment in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4250. Purchased transportation.—This account shall include amounts payable to others for performing any portion of the carrier's inter-city tariff haul under contractual arrangements whereby the agreement for the compensation is based on other than actual division of tariff rates, and under arrangements whereby the expenses of the operation are borne by the hired carrier.

4261. Road expense.—This account shall include the cost to the carrier of labor and material use in sanding roadways, spreading ashes or the removal of snow and ice, and otherwise cleaning and safeguarding roads, whether done by the carrier or otherwise. This includes the cost of tools and materials used in this work, including the cost of delivering such materials; wages of men operating snowplows, sweepers, tractors, scrapers, etc.; amounts paid to others for removing snow and ice; and other supplies and expenses, such as meals for crews engaged in removing snow and ice. (See instruction 28.)

NOTE.—The cost of repairs to equipment used in snow removal shall be included in account 4122—Operation and Maintenance of Service Equipment.

4262. Bridge, tunnel and ferry tolls.—This account shall include tolls at rates per passenger, per ton, per vehicle, or other basis for the use of bridges, tunnels and ferries by revenue passenger equipment in transportation service.

4263. Wages of miscellaneous transportation employees.—This account shall include the wages of co-operators (conductors), hostesses (conductorettes), lecturers and guides on busses, porters and stewards on busses, secret service inspectors, and other employees performing similar service.

4264. Other transportation expenses.—This account shall include carrier transportation expenses not provided for in other accounts in the transportation group.

Items

Alcohol and other non-freeze preparations.

All expenses incidental to the comfort of passengers in connection with breakdowns on the road.

Badges for employees.

Conductors' books, punches, etc.

Fines for traffic violations.

Fire extinguisher supplies (for passenger equipment).

Hat checks.

Head rest covers including laundry.

Ice and other refrigerants (for passenger equipment).

Lamps, bulbs and carbon (for passenger equipment).

Lodging for drivers and miscellaneous transportation employees.

Meals for drivers and miscellaneous transportation employees.

Notices.

Secret service inspections by other than employees.

Signs (paper and cardboard).

Tire chains.

Uniforms, including their care.

4300. Station expense.—This account shall include the total of amounts included in accounts 4311 to 4396, inclusive.

4311. Salaries and commissions.—This account shall include the wages and salaries of station employees; amounts paid to station or ticket agents in commissions or bonuses in lieu of salary; and the wages of express and mail handlers and clerks in passenger stations. (See instruction 28.)

Items

Announcers.

Baggage agents.

Baggagemen.

Clerks.

Commissions or bonuses to employees in lieu of wages.

Express agents.

Express handlers.

Janitors.

Mail handlers.

Platform men.

Porters.

Station agents.

Station gatemen.

Station masters.

Telephone and information operators.

Ticket agents.

NOTE.—Commissions paid to other than the accounting carrier's employees for the sale of tickets, handling of express, baggage, newspapers, etc., shall be included in account 4331—Commissions Paid.

4314. Supplies and expenses.—This account shall include the expenses incurred (exclusive of salaries and wages of station employees) in the operation of passenger terminals, waiting rooms, shelter sheds, and other similar property used by the transportation department in connection with passenger traffic, such as the cost of light, heat, water, and ice; cost of uniforms and badges for station employees; cost of hand tools and implements used in handling express and mail; cost of operation and maintenance or upkeep of permanent signs designating a station, depot or passenger terminal; and the cost of supplies used and amounts of other expenses incurred in operating passenger stations.

Items

Ash removal.

Badges for employees.

Cleaning supplies.

Heating or cooling, including supplies.

Laundry service, including supplies.

Lighting.

Mail, baggage and express handling costs, including baggage room expenses (exclusive of labor).

Power costs for station machinery.

Snow and dust removal on station grounds.

Sprinkling station grounds.

Tools and supplies for station use.

4319. Repairs to station buildings and equipment.—This account shall include the cost of repairs to company stations, passenger terminals, waiting rooms, platforms, and other structures, together with fixtures, grounds and approaches, used in passenger transportation service; also include the cost of repairs to station furniture and equipment (but not equipment used in general offices) and carts, electric motor trucks, platform trucks, scales, and loading platforms, in connection with revenue baggage, mail and express.

4331. Commissions paid.—This account shall include the amounts paid to others (except to the carrier's employees and to interline carriers) on a commission or guaranteed basis for the sale of tickets, handling of express, baggage, newspapers, etc.

4332. Other expenses allowed.—This account shall include the amounts allowed to the operators of commission stations and passenger terminals for expenses such as advertising, rent, light, heat, power and water, telephone, telegraph and messenger service, etc.

4340. Interline commissions paid.—This account shall include all commissions paid to interline carriers.

4350. Interline commissions earned—credit.—This account shall include all commissions earned on interline tickets sold.

4360. Collection and delivery.—A. This account shall include the wages of drivers and helpers and other expenses of equipment used in collecting express from consignors and delivering express to consignees and local pick-up and de-

livery service provided for inter-city passengers when such local service is included in the inter-city tariff rate. (See instruction 28.)

B. This account is intended to be used only when the expenses incurred in such local service can be separated from those incurred in regular operation between terminals.

C. This account shall be subdivided to reflect separately:

- (1) Wages of drivers and helpers.
- (2) Gasoline and oil expense (not including taxes).
- (3) Tires and tubes.
- (4) Repairs and servicing of equipment.
- (5) Other assignable operations and maintenance expenses.

4370. *Purchased collection and delivery.*—This account shall include amounts payable for collection, delivery and transfer service performed by others under contractual arrangements, whereby the agreement for the amount payable is based on other than actual division of tariff rates.

4391. *Joint station facilities—Debit.*—This account shall include the carrier's proportion of costs incurred by others in maintaining and operating joint station equipment and facilities, including overhead costs, except items chargeable to account 5340—Joint Facility Rents—Debit. (See definition 25 and instruction 29.)

4396. *Joint station facilities—Credit.*—This account shall include the amounts chargeable to others as their proportion of the costs incurred by the carrier in maintaining and operating joint station equipment and facilities, including overhead costs, except items creditable to account 5390—Joint Facility Rents—Credit. (See definition 25 and instruction 29.)

4400. *Traffic, solicitation and advertising expense.*—This account shall include the total of amounts included in accounts 4410 to 4470, inclusive.

4410. *Salaries and expenses.*—A. This account shall include all salaries and expenses in connection with the promotion and solicitation of traffic. This includes the salaries of officers and their assistants who are directly in charge of traffic promotion and solicitation, including salaries of the traffic manager, general express and passenger agents; general commercial, city, general district and excursion agents, and their clerks and assistants.

B. This account shall also include the cost of supplies used and the amounts of expenses incurred and cost of operating automobiles by officers and their assistants who are directly in charge of traffic promotion and solicitation.

NOTE.—When officers and employees whose pay is chargeable to this account are engaged in work not chargeable to traffic promotion, or have jurisdiction over this and other departments, their salaries and expenses shall be allocated to the accounts appropriate. (See instruction 28.)

4430. *Tariffs and schedules.*—This account shall include the salaries and expenses of officers and employees engaged in the preparation of tariffs, schedules and time tables, the cost of printing and other expenses incurred in the preparation of tariffs, schedules and time tables, including postage and transportation charges. (See instruction 28.)

4440. *Tickets and baggage checks.*—This account shall include the salaries and expenses of employees engaged in receiving and distributing tickets, baggage checks, etc., together with the cost of manufacturing tokens and of printing tickets, baggage checks, milk checks, cash fare receipts, prepaid orders, identification checks, passes and other items of a similar nature, including transportation charges in connection therewith. (See instruction 28.)

4450. *Other traffic expenses.*—This account shall include the carrier's proportion of expenses of traffic associations, including membership fees, and all other traffic expenses not provided for elsewhere.

4470. *Advertising.*—A. This account shall include the salaries and expenses in connection with advertising for the purpose of securing traffic, such as may be incurred in the preparation, printing and distribution of strictly advertising matter (not time tables).

B. This account shall also include the salaries and expenses of employees preparing advertising copy; the commissions paid outside advertising agents; cost of printing, publishing, and other advertising matter; the cost of advertising space in newspapers and periodicals; expenses incurred in connection with radio broadcasting for the purpose of securing traffic; electric, neon and display signs, (permanent or portable) for attracting traffic, bulletin boards, cards, cases, display cards and photographs; postage and express charges on advertising matter; cost of bill posting and similar expenses. (See instruction 28.)

NOTE.—Cost of operation and maintenance of permanent signs designating a station or terminal shall be included in account 4314—Supplies and Expenses.

4500. *Insurance and safety expense.*—This account shall include the total of amounts included in accounts 4510 to 4580, inclusive.

4510. *Salaries and expenses—insurance and safety.*—A. This account shall include the following items:

(1) Salaries and wages, traveling and office expenses of officers, clerks and other employees of the insurance department, and special costs incurred in procuring insurance, such as brokerage fees (not included in premiums), notarial fees, and insurance inspection service.

(2) Salaries and expenses of safety department, cost of safety-first and other campaigns among employees or the public for the purpose of preventing accidents and damages.

(3) Salaries and expenses of officers and employees engaged regularly in claim department work; payments for the service of employees and others called in consultation in relation to claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and law suits.

(4) Salaries and expenses of officers and employees of the law department when specifically assigned to and engaged in injury and damage cases, and expenses of such officers and employees incurred on such cases when incidentally so engaged.

(5) Payment to attorneys, investigators, adjusters, etc., who are not regular employees of the carrier for services and expenses in connection with injury and damage cases.

(6) Cost of operating automobiles used by employees whose pay is charged to this account.

B. Reimbursements from insurance companies or others for expenses charged to this account on account of injuries and damages shall be credited to this account.

NOTE.—No part of the salaries of officers and employees of the law department shall be included in this account for merely incidental service in connection with injury and damage claims.

4520. *Public liability and property damage insurance.*—This account shall include premiums payable to outside insurance companies for protection against liability to the public for injuries to persons and damages to the property of others, resulting from the operation of owned and leased vehicles in motor carrier service. (See instruction 27.)

NOTE A.—Premiums for insurance on property intrusted to the carrier for transportation or storage shall be included in account 4550—Baggage and Express Insurance.

NOTE B.—Amounts payable in settlement of claims for bodily injury or property damage which are not recoverable from insurance companies and for which the carrier has not provided self-insurance shall be charged to account 4530—Injuries and Damages.

4530. *Injuries and damages.*—This account shall be charged each period with amounts sufficient to meet the probable liability, not covered by outside insurance, for deaths of or injuries to persons (other than employees—see account 4546—Workmen's Compensation—Self Insurer) and damages to the property of others (except property intrusted to the carrier for transportation or storage—see account 4560—Baggage and Express Loss and Damage) resulting from operation of owned and leased vehicles in motor carrier service. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims for injuries to persons and damage to property

of others which are not recoverable from insurance companies or for which self-insurance has not been provided.

NOTE.—Payments to or on behalf of employees other than those covered by Workmen's Compensation insurance, including accident and death benefits; salaries; hospital expenses; medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., when provided for through a plan for employees' benefits, shall be charged to account 4652—Employees' Welfare Expenses.

4541. Workmen's compensation—Insurance.—This account shall include premiums payable to outside insurance companies for protection against liability for injuries to or deaths of employees payable under the provisions of Workmen's Compensation Acts. (See instruction 27.)

NOTE.—Amounts payable in settlement of claims under the provisions of Workmen's Compensation Acts which are not recoverable from insurance companies shall be charged to account 4546—Workmen's Compensation—Self Insurer.

4546. Workmen's compensation—Self insurer.—This account shall be charged each period with amounts sufficient to meet the probable liability not covered by outside insurance, on account of claims for injuries to and deaths of employees arising under the Workmen's Compensation Acts. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims which are not recoverable from insurance companies or for which self insurance has not been provided.

NOTE.—Payments to or on behalf of employees other than those covered by Workmen's Compensation insurance, including accident and death benefits; salaries; hospital expenses; medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., when provided for through a plan for employees' benefits, shall be charged to account 4652—Employees' Welfare Expenses.

4550. Baggage and express insurance.—This account shall include premiums payable to outside insurance companies to indemnify the carrier against costs and expenses incurred through loss of and damage to express matter and baggage entrusted to the carrier for transportation or storage. (See instruction 27.)

NOTE.—Amounts payable in settlement of claims for loss of or damage to property entrusted to the carrier for transportation or storage which are not recoverable from insurance companies and for which the carrier has not provided self-insurance shall be included in account 4560—Baggage and Express Loss and Damage.

4560. Baggage and express loss and damage.—This account shall be charged each period with amounts sufficient to meet the probable liability, not covered by outside insurance, on account of loss, destruction, damage, or delay to express matter, baggage, parcels, etc., entrusted to the carrier for transportation or storage. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims which are not recoverable from insurance companies or for which self insurance has not been provided.

NOTE.—Any provision or amounts payable for injuries or damages to employees and others, or amounts payable on account of damages to the property of others not entrusted to the carrier for transportation or storage shall be included in account 4530—Injuries and Damages.

4570. Fire and theft insurance.—A. This account shall include premiums payable to outside insurance companies for fire and theft insurance on owned and leased vehicles and for fire insurance on structures, machinery, and equipment used in motor carrier operations. (See instruction 27.)

B. In case a carrier shall carry its own fire and theft insurance risks, it shall charge to this account each period an amount sufficient to meet the probable loss, and shall credit the amount so charged to account 2660—Insurance Reserves.

C. This account shall be charged with losses arising under the classes of risks enumerated in paragraph A above, which are not recoverable from insurance companies and for which the carrier has not provided self-insurance.

NOTE.—Recoveries from insurance companies or others for damages to the carrier's owned or leased property shall be accounted for as provided in paragraph B of account 2660—Insurance Reserves.

4580. Other insurance.—A. This account shall include premiums paid to outside insurance companies for boiler; bur-

glar; fidelity; holdup; lightning; plate glass; owners, landlords and tenants liability; and other forms of insurance coverage not elsewhere provided for. (See instruction 27.)

B. In case a carrier shall carry its own insurance risks for the classes of coverage enumerated in paragraph A above, it shall charge to this account each period an amount sufficient to meet the probable loss and shall credit the amount so charged to account 2660—Insurance Reserves.

C. This account shall be charged with losses arising under the classes of risks enumerated in paragraph A above, which are not recoverable from insurance companies and for which the carrier has not provided self-insurance.

NOTE.—The cost of life insurance on the lives of officers and other employees of the carrier whereunder the carrier is the beneficiary shall be charged to account 7500—Other Deductions. Cash surrender values of such policies shall be carried in account 1650—Other Investments and Advances.

4600. Administrative and general expense.—This account shall include the total of amounts included in accounts 4611 to 4696, inclusive.

4611. Salaries and general officers.—This account shall include the salaries, bonuses and other forms of consideration for services of general officers whose jurisdiction extends over the entire transportation system of the carrier; and fees payable to receivers. As here used, the term "General Officers" would ordinarily include the following:

- Chairman of the Board.
- President.
- Vice-President.
- Treasurer.
- Secretary.
- Comptroller.
- General Auditor.
- General Manager.

NOTE A.—Do not include in this account amounts payable to organizations for services chargeable to account 4660—Management and Supervision Fees and Expenses.

NOTE B.—If officers and assistants supervise particular departments of carrier operations, or other operations, or are engaged in specific work other than supervision of the entire transportation system, their pay and expenses shall be apportioned to the appropriate accounts for carrier operations or other operations. (See instruction 28.)

4612. Expenses of general officers.—This account shall include expenses incurred, including cost of operating automobiles, for the benefit of motor carrier operations by administrative officers (as defined in account 4611) such as traveling, and other incidental expenses.

Items

- Hotel.
- Meals.
- Membership fees and dues in trade, technical and professional associations.
- Traveling expenses.

NOTE.—Expenses in connection with operating the general offices of the carrier shall be included in account 4630—General Office Supplies and Expenses.

4613. Salaries of general office employees.—This account shall include the salaries (see instruction 28), bonuses and other forms of consideration for services of employees who are engaged in the general administrative offices of the carrier and whose services are not chargeable to any other department or to other operations, including the following:

- Accountants.
- Bookkeepers.
- Cashiers.
- Clerks.
- Engineers.
- Janitors.
- Messengers.
- Paymasters.
- Statisticians.
- Stenographers.
- Traveling Auditors.

4616. *Expenses of general office employees.*—This account shall include the expenses incurred, including cost of operating automobiles, for the benefit of motor carrier operations by employees whose salaries are included in account 4613—Salaries of General Office Employees.

Items

Hotel.
Meals, including payment therefor on account of overtime work.
Membership fees and dues in trade, technical and professional associations.
Traveling expenses.
4620. *Law expenses.*—This account shall include, except as provided for elsewhere, the pay and expenses of officers, assistants, office forces, and other employees of the law department; fees and retainers, supplies, and expenses of attorneys not regularly employed; court costs; and supplies and expenses of the law office.

Items

Salaries:
Attorneys and assistants.
Clerks.
Counsel.
Law clerks.
Special counsel.
Other employees of law department.
Expenses:
Building service.
Cost of law suits.
Cost of operating automobiles.
Cost of preparing and printing agreements, briefs, reports, etc.
Court costs.
Court fees.
Law books, periodicals and subscriptions to special services.
Law expenses of receivers.
Legal forms, and law office supplies, postage and stationery.
Meals, including payment therefor on account of overtime work.
Payments to attorneys who are not regular employees.
Premiums on court and other bonds.
Printing.
Tax reports, claims, etc., when handled by legal staff.
Transcripts of testimony, copies of exhibits, etc.
Traveling expenses of attorneys, witnesses, etc.
Witness fees.

NOTE A.—The pay of law department officers and employees engaged in formal cases before regulatory commissions, or in cases in which such a commission is a party, or when specifically assigned to injury and damage cases, shall be charged to account 4673—Other Regulatory Commission Expenses, account 4510—Salaries and Expenses—Insurance and Safety, or other appropriate account. (See instruction 28.)

NOTE B.—Law expenses incident to the purchase and construction of carrier operating property or the acquisition of certificates from Federal or State Commissions or securing from local authorities franchises or consents with a life of more than one year shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. Law expenses incident to the issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4630. *General office supplies and expenses.*—This account shall include the cost of office supplies and the office expense in connection with the general administrative functions of the carrier's motor carrier operations.

Items

Books.
Cleaning office.
Drinking water and refrigeration.
Heat and light.
Janitor service.

Letterheads and envelopes.

Paper.

Pens, pencils, ink, fasteners and office supplies.

Postage.

Printing forms for office use.

Repairs to general office buildings, furniture, fixtures and equipment.

Stationery and office supplies.

Subscriptions to newspapers, periodicals and clipping bureaus.

Towels.

Typewriter supplies.

Waste baskets.

4640. *Communication service.*—This account shall include the cost of all communication service payable to outside companies, such as telephone, teletypewriter, telegraph, radio, etc.

NOTE.—Taxes on telegrams and telephone tolls shall be charged to account 5200—Operating Taxes and Licenses.

4651. *Outside auditing expenses.*—This account shall include amounts paid as fees for auditing and accounting services rendered by individuals or firms other than carrier's employees.

NOTE.—The fees of independent auditors and accountants in preparing financial and other statements incident to the issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4652. *Employees' welfare expense.*—A. This account shall include pensions or other benefits paid to active and retired employees, their representatives or beneficiaries, and salaries and expenses incurred in conducting relief, benefit and general medical departments. It shall include payments to or on behalf of employees on account of injuries or accidental death when such payments come within the scope of a carrier's general provision for employees' benefits.

B. If the carrier has definitely undertaken by contract to pay pensions to employees when regularly retired for superannuation or disability and has established a fund to be held in trust for such pension purposes, the carrier shall charge to this account periodic amounts determined through the application of equitable actuarial factors to the current payrolls, which, together with interest accruals on trust funds, will, as nearly as may be practicable, provide for the payment of such pensions, or for the purchase of annuities corresponding thereto. The amounts so charged shall be concurrently credited to a separate subdivision of account 2690—Other Reserves. The total of actual payments and accruals for future payments charged to this account for pensions, shall not exceed the amounts determined as hereinbefore prescribed. The carrier shall maintain a complete record of the actuarial computations through which the accrual each period of its pension liabilities is established.

C. Upon the adoption of the accrual plan of accounting, pension payments to employees retired before the adoption of such plan shall be charged to an existing pension reserve or to account 2946—Other Debits to Surplus. If a carrier pays into its pension trust fund the amount of its existing pension reserve, any such amounts in excess of provision for pensions granted prior to the adoption of the accrual plan may be applied in whole or in part to the adjustment of future accrual charges.

D. Before adopting the accrual plan of accounting for pensions, the carrier shall inform the Commission of the details of its pension plan, giving full statement of the facts which in its judgment establish a contractual obligation for pension payments, together with the actuarial formula under which it proposes to create its pension trust fund, and also a copy of the declaration of trust under which the fund is to be established.

E. No charges shall be made to this account in anticipation of discretionary pension payments in the future.

4691. *Joint operating expense—Debit.*—This account shall include amounts payable to others representing the cost of operation and maintenance of joint facilities used for general purposes, such as a general office, or where amounts payable can not be segregated between the functional groups of expense accounts provided herein. (See instruction 29.)

4696. *Joint operating expense—Credit.*—This account shall include amounts received by the accounting carrier as reimbursement for operating and maintenance costs incurred by it in connection with a joint facility used for general purposes such as a general office, or when the amounts received can not be segregated between the functional groups of expense accounts provided herein. (See instruction 29.)

DEPRECIATION EXPENSE

5000. *Depreciation expense.*—A. This account shall include the amount of depreciation charges applicable to the accounting period for all classes of depreciable carrier operating property, including improvements to leased property, if any, as provided in instruction 25. The amounts charged to this account shall be concurrently credited to account 2500—Reserve for Depreciation—Carrier Operating Property.

B. The following subdivisions of this account shall be maintained to reflect the amount of depreciation charges on each class of property and the necessary depreciation adjustment on carrier operating property at the time it is retired from service as provided in instruction 21 (see definition 33):

- 5011. Depreciation of Structures.
- 5021. Depreciation of Revenue Equipment.
- 5031. Depreciation of Service Cars and Equipment.
- 5041. Depreciation of Shop and Garage Equipment.
- 5051. Depreciation of Furniture and Office Equipment.
- 5061. Depreciation of Miscellaneous Equipment.
- 5071. Depreciation of Improvements to Leasehold Property.
- 5081. Depreciation of Undistributed Property.
- 5091. Depreciation Adjustment.

AMORTIZATION EXPENSE

5100. *Amortization chargeable to operations.*—This account shall include the total of the amounts included in accounts 5110 and 5120:

5110. *Amortization of carrier operating property.*—This account shall include the amount of the amortization charges applicable to the accounting period for amounts carried in account 1501—Organization, account 1511—Franchises, and account 1541—Patents, for fixed-term franchises, licenses, and patent rights; for fixed-term interest in land and land rights (account 1201), for losses incurred or expected to be incurred through the reversion of improvements on leased property to the lessor prior to the expiration of their service lives (account 1271), and for losses expected to be incurred through reversion of property to a state, municipality, or other governmental body, or otherwise, at no compensation to the carrier, before the expiration of the service lives of such property. Such charges shall be computed so as to distribute the book cost of each item evenly throughout its service life to the carrier. (See also account 2600—Reserve for Amortization—Carrier Operating Property.)

5120. *Property loss chargeable to operations.*—This account shall be concurrently charged with amounts credited to account 1890—Other Deferred Debits, for the amortization of property abandoned or for extraordinary property losses carried in that account, when such amounts are authorized to be amortized from that account by charges to operations. This account shall also be charged with losses on abandoned property and extraordinary property losses from carrier operations which are charged off at the time of their occurrence.

NOTE.—The carrier shall not make any charges to this account except upon approval by the Commission.

TAXES AND LICENSES

5200. *Operating taxes and licenses.*—A. This account shall include the amount of Federal, state, county, municipal and

other taxing-district taxes (except as provided for in account 8000—Provision for Income Taxes) which relate to carrier property, operation and privileges for the period covered by the income account.

B. When it is not possible to determine the actual taxes, suitable estimates shall be made and the proportion of the amount estimated, which is applicable to the accounting period, shall be charged to this account and concurrently credited to account 2120—Taxes Accrued, or account 1800—Prepayments, as appropriate. When the actual tax levies become known the amounts included in this account on an estimated basis shall be adjusted.

C. Taxes on property leased from others for use in motor carrier operations, when the lessee is obligated under the terms of the lease to pay such taxes in addition to stipulated rent, shall be included in this account.

D. The records shall be kept so as to show separately the amount of each class of tax included in this account, and the basis on which it is levied, as follows:

- (1) Gasoline, Other Fuel and Oil Taxes.
- (2) Public Utility Taxes and Licenses.
- (3) Other Licenses.
- (4) Corporation Taxes.
- (5) Real Estate and Personal Property Taxes (or Gross Receipt Taxes).
- (6) Social Security Taxes.
- (7) Federal and State Capital Stock Taxes and Stock Transfer Taxes.
- (8) Federal Excise Taxes.
- (9) Other Taxes.

NOTE A.—Filing fees accompanying applications to regulatory bodies for certificates shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. (See also account 4656.)

NOTE B.—Special assessments for street or other improvements and fees or charges, sometimes called taxes, such as water taxes, street sprinkling and sidewalk repairs, which are payments for some specific service rendered by the government, should be charged to the appropriate property investment or maintenance accounts. (See note B, account 1201—Land and Land Rights.)

NOTE C.—Taxes on non-operating property shall be charged to the account to which the revenue of such property is credited.

NOTE D.—Taxes on property leased to others shall be charged to the account to which the rent revenue is credited.

NOTE E.—Taxes assumed by the carrier on bond and note interest shall be charged to account 7200—Taxes Assumed on Interest.

NOTE F.—Taxes received on the sale of gasoline and oil shall be credited to this account.

NOTE G.—Taxes paid on original issues of capital stock shall be included in account 1910—Commission and Expense on Capital Stock.

NOTE H.—Amounts received by the carrier in reimbursement of taxes on property operated as a joint facility (see definition 25) shall be credited to account 5390—Joint Facility Rents—Credit. Payments to other carriers for a portion of taxes on joint facilities shall be charged to account 5340—Joint Facility Rents—Debit.

NOTE I.—Sales taxes on material purchases, except gasoline, other motor fuel and motor oil, shall be included in the cost of material.

OPERATING RENTS

5300. *Operating rents—Net.*—This account shall include the net total of amounts included in accounts 5310 to 5390, inclusive. (See instruction 30.)

5310. *Equipment rents—Debit.*—This account shall include the amounts payable for use of automotive equipment on whatever basis such rent may be determined. All expenses incurred in connection with the operation of leased equipment which the lessee is obligated to assume in addition to the amount stipulated as rent, shall be included in the operation and maintenance or other accounts as appropriate.

NOTE.—Amounts payable for rental of equipment included in the lease of a distinct operating unit shall be charged to account 5400—Rent for Lease of Carrier Property—Debit.

5320. *Other operating rents—Debit.*—This account shall include all rental payments for the use of property employed in motor carrier operations not provided for elsewhere, such as:

- (1) Rent for shop and garage space.
- (2) Rents paid for use of property by the transportation department.

Items

Accident, sickness, death, and other disability benefits to employees, their representatives or beneficiaries.

Employees of relief, benefit, and general medical departments, pay and expenses of.

Expenses in connection with employees' disability cases, such as hospital, nursing, and medical attendance.

Fees and retainers for medical and similar services incurred by relief, benefit, and general medical departments.

Medical service.

Office supplies.

Postage, printing and stationery.

Premiums paid for group insurance for the benefit of employees or their beneficiaries.

Traveling expenses.

NOTE.—The cost of life or other insurance whereunder the carrier is the beneficiary shall be charged to account 7500—Other Deductions. Cash surrender values of such policies shall be carried in account 1650—Other Investments and Advances.

4655. *Purchasing and store expenses.*—A. This account shall include salaries and expenses of purchasing agents, and their assistants, whose jurisdiction extends over all purchases such as parts, gasoline and other fuel, stationery supplies, etc.

B. This account shall include credits for cash and other discounts when it is not practicable to apply such discounts directly to the cost of materials to which they relate.

C. This account shall include such differences from inventory adjustments which have not been otherwise apportioned in accordance with note B under account 1180—Material and Supplies.

NOTE A.—Suitable proportions of items included in this account may be allocated to the cost of materials and supplies. (See instruction 19.)

NOTE B.—See also instruction 16 with reference to clearing accounts which may be maintained.

4656. *Other general expenses.*—A. This account shall include all general expenses connected with motor carrier operations not provided for elsewhere including fees and expenses payable to directors and trustees; expenses in connection with publishing and mailing reports and notices to stockholders, etc.; cash overages and shortages and fees for filing annual reports and other documents not specifically related to certificates or applications for issuance of securities.

B. This account shall also include contributions for charitable, social or community welfare purposes which have a direct or intimate relation to the protection of the property of the carrier or the development of its business or the welfare of its employees. (See account 7500—Other Deductions.)

NOTE.—Direct contributions to employees' welfare associations shall be included in account 4652—Employees' Welfare Expenses.

4660. *Management and supervision fees and expenses.*—A. This account shall include fees and expenses payable to any corporation, firm or individual, other than officers and employees of the carrier, for continuously rendered supervision and management.

B. This account shall be subdivided to reflect:

(1) Management and Supervision Fees and Expenses of Associated Companies.

(2) Management and Supervision Fees and Expenses of Other Companies.

C. Records supporting this account shall be kept so as to show (1) the basis of the fees, i. e., the gross or net earnings of the carrier, if such is the basis, (2) the percentage applied in determining the fee, (3) the amount of the fee, and (4) the amount of the expenses.

4671. *Franchise requirements—Debit.*—A. This account shall include the total cost to the carrier in connection with payments to governmental authorities in compliance with franchises, ordinances or similar requirements, except taxes and license fees, provided, however, that the carrier may

charge this account with the amounts based on regular tariff rates of intrastate transportation furnished without charge under provisions of franchises.

B. When no direct outlay is involved concurrent credit for such charges shall be to account 4672—Franchise Requirements—Credit.

4672. *Franchise requirements—Credit.*—This account shall include concurrent credits for charges which are made to account 4671—Franchise Requirements—Debit, to the extent that such charges do not represent direct outlays.

4673. *Other regulatory commission expenses.*—A. This account shall include expenses incurred by the carrier in connection with formal cases before Federal or State regulatory bodies or cases in which such a body is a party; also include payments made to a regulatory commission for fees or amounts assessed against the accounting carrier for pay and expenses of the regulatory commission, its officers, agents and employees, other than those incurred in securing certificates of convenience and necessity and authority for the issuance of securities.

B. Amounts includible in this account which by approval or direction of the Commission are to be spread over future periods shall be charged to account 1890—Other Deferred Debits, and amortized by charges to this account.

Items

Fees, retainers, and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses, and others whose services are secured for the defense or prosecution of petitions or complaints presented to regulatory bodies.

The pay of officers and employees specifically assigned to or engaged in the valuation of property owned or used by the carrier, in connection with such cases, and the cost of similar work performed by others.

Amounts assessed by Federal and State regulatory commissions for pay and expenses of their officers, agents, and employees; office and traveling expenses; stationery, printing and engineering supplies; and other expenses and supplies including expenses of officers and employees upon matters covered by this account even though no portion of their pay is assignable hereto.

NOTE A.—Expenses incurred for the improvement of service, for additional inspection, or rendering reports which are made necessary by the rules and regulations, or orders, of regulatory bodies, shall be charged to the appropriate operation and maintenance expense accounts.

NOTE B.—Expenses incident to securing certificates of convenience and necessity shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. Expenditures incident to securing authorization for issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4680. *Uncollectible revenues.*—A. This account shall include charges for receivables for carrier operating revenues which, after a reasonably diligent effort to collect, have proved impracticable of collection. If accounts which have been so written off are afterwards collected, the amount received shall be credited to this account, provided, however, that such recoveries are from accounts charged off against this account.

B. Charges to this account may be made on the basis of the estimated average loss due to uncollectible accounts in which case the concurrent credit shall be to account 2650—Reserve for Uncollectible Accounts. To the reserve thus established shall be charged such amounts as are determined to be uncollectible; amounts written off and subsequently collected shall be credited to the reserve. When charges to such accounts are thus made by estimate, the estimate shall be adjusted at the end of each calendar year to conform to the experience of the accounting carrier as determined by analysis of its accounts receivable.

NOTE.—Losses on receivables for other than operating revenues, and losses on notes or claims, shall be included in account 7500—Other Deductions.

- (3) Rents paid for use of terminals and stations.
- (4) Rents paid for use of property by the traffic and solicitation department.
- (5) Rents paid for use of the general office.

NOTE.—Rental payments for property not used in transportation operations shall be charged to the appropriate Other Income account.

5340. *Joint facility rents—Debit.*—This account shall include amounts payable to other carriers as their proportion of rent, including taxes and depreciation, for the use of property under a joint facility arrangement. (See definition 25 and instruction 29.)

5350. *Equipment rents—Credit.*—This account shall include amounts receivable for use of automotive equipment on whatever basis such rent may be determined.

NOTE.—Amounts receivable for rental of equipment included in the lease of a distinct operating unit shall be credited to account 5500—Income from Lease of Carrier Property—Credit.

5360. *Rent from owned land and structures.*—This account shall include the rent from land and structures, the cost of which is included in accounts 1200—Carrier Operating Property, and 1300—Carrier Operating Property Leased to Others, except joint facilities.

NOTE.—Rent from subleases of property rented from others shall be included in account 5370—Sublease Rental Income.

5370. *Sublease rental income.*—This account shall include rents receivable from subleases of carrier operating property rented from others.

5390. *Joint facility rents—Credit.*—This account shall include amounts receivable from other carriers as their proportion of rent, including taxes and depreciation, for the use of property under a joint facility arrangement. (See definition 25 and instruction 29.)

LEASE OF CARRIER PROPERTY

5400. *Rent for lease of carrier property—Debit.*—This account shall include amounts payable, for rent of property constituting a distinct operating unit (see definition 24 and instruction 30) or system leased from others for use in motor carrier operations when the carrier has exclusive possession.

NOTE.—Taxes payable upon leased property, assumed by the lessee, shall be included in account 5200—Operating Taxes and Licenses.

5500. *Income from lease of carrier property—Credit.*—A. This account shall include amounts receivable for rent of property constituting a distinct operating unit (see definition 24 and instruction 30) or system leased by the carrier to others for motor carrier operations where the lessee has exclusive possession.

B. This account shall include as a deduction from rent revenue, expenses such as repairs, depreciation, insurance, and taxes assumed by the lessor; uncollectible rents, etc., in connection with the property leased.

C. This account shall be divided to show separately for each lease the following:

- (1) Rent Revenue.
- (2) Expenses.
- (3) Depreciation and Amortization.
- (4) Taxes.
- (5) Uncollectible Rents.

OTHER INCOME

6000. *Net income from non-carrier operations.*—A. This account shall include the revenues from and expenses incurred in the operation of property, the investment in which is carried in account 1400—Non-Carrier Operating Property.

B. This account shall be subdivided to reflect:

- (1) The total revenues derived from non-carrier operating property operations.
- (2) The total expenses incurred in non-carrier operating property operations.

NOTE A.—The expenses referred to include every element of cost incurred in such operations including depreciation, rents, taxes and insurance.

NOTE B.—Each carrier may adopt its own classification of revenue and expenses for this account. The classification shall be such, however, as to permit ready analysis of the revenue and expense.

6100. *Net income from non-operating property.*—A. This account shall include all rent revenues from land, buildings, and other property not devoted to transportation operations, the book cost of which is included in account 1450—Non-Operating Property.

B. This account shall include as a deduction from rent revenue, expenses such as repairs, depreciation, amortization, taxes, uncollectible rents, insurance, etc., in connection with the property leased.

C. This account shall be subdivided to show separately for each lease the following:

- (1) Rent revenue.
- (2) Expenses.
- (3) Depreciation and amortization.
- (4) Taxes.
- (5) Uncollectible rents.

6200. *Interest income.*—A. This account shall include interest accruing to the accounting carrier upon securities of other companies and Federal, state, or municipal governments, on loans, notes, and advances; special deposits and all other interest bearing assets, including simple interest charged to property during its construction.

Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases, credits to this account shall be based upon the interest actually collected.

B. This account shall be kept so as to show separately the interest income from each investment and from each associated company.

NOTE A.—No interest upon reacquired securities issued or assumed by the accounting carrier shall be credited to this account.

NOTE B.—Interest accrued on securities of other companies held in sinking or other special funds shall be credited to account 6400—Income from Sinking and Other Funds.

6300. *Dividend income.*—A. This account shall include revenue derived by the accounting carrier from the dividends on stocks of other companies held by it. Accruals of guaranteed dividends may be included in this account if the payment is reasonably assured.

B. This account shall be kept so as to show separately the dividend income from each investment and from each associated company.

NOTE.—No dividends on reacquired securities issued by the carrier shall be credited to this account.

6400. *Income from sinking and other funds.*—This account shall include all revenues (whether interest or dividends) accrued on cash, securities (not issued or assumed by the accounting carrier) or other assets held in sinking fund and other special funds.

NOTE.—This account covers all income from investments of special funds, whether required to be retained in the fund or not. If such income is required to be retained in the fund and the fund required to be represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account 2944—Appropriations to Reserves.

6500. *Other non-operating income.*—This account shall include all income accrued to the accounting carrier in accordance with the terms of any contract by which the carrier is entitled to participate in the profits from the operations of others and all other non-operating income not provided for in any of the foregoing accounts.

NOTE.—“Profits from the operations of others” does not include any dividends on stock. Revenues from dividends shall be credited to account 6300—Dividend Income, or to account 6400—Income from Sinking and Other Funds, as appropriate.

INCOME DEDUCTIONS

7000. *Interest on long-term obligations.*—A. This account shall include all interest accrued on unmatured outstanding long-term obligations issued or assumed by the accounting

carrier; also interest accrued on debentures and on receivers' certificates which mature more than one year after date of issue. This account does not include interest on securities held by the accounting carrier in its treasury, in sinking or other special funds, or pledged as collateral.

B. This account shall be kept so as to show the interest expense (accrual) on each of the following classes or subdivisions of long-term obligations:

- (1) Equipment Obligations.
- (2) Advances.
- (3) Bonds.
- (4) Other Long-Term Obligations.

7100. *Other interest deductions.*—This account shall include interest on all short-term obligations of the accounting carrier, such as notes or loans for terms of less than one year, unpaid taxes, or other accounts payable, etc., and also interest on matured long-term obligations.

7200. *Taxes assumed on interest.*—This account shall include amounts paid to holders of the bonds or other indebtedness of the carrier in reimbursement of income and other taxes levied against income from such obligation or levied as a tax for ownership of the obligation, where the mortgage, indenture, or other instrument provides for payment of such taxes by the carrier.

7300. *Amortization of debt discount and expense.*—This account shall include for any period that proportion of the unamortized discount and expense on outstanding long-term debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and maturity of any debt will completely amortize the discount at which such debt was issued and the debt expense connected therewith. Amounts charged to this account shall be concurrently credited to account 1880—Unamortized Debt Discount and Expense. (See also instruction 13.)

7400. *Amortization of premium on debt—Credit.*—This account shall include the proportion of the premium at which outstanding long-term debt was issued which is applicable to each period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issuance and the maturity of any debt will completely amortize the premium at which such debt was issued. Amounts credited to this account shall be concurrently charged to account 2400—Unamortized Premium on Debt. (See instruction 13.)

7500. *Other deductions.*—This account shall include all deductions from gross income not provided for in any of the foregoing accounts such as:

(1) Unsecured accruals on obligations arising under contracts whereby the accounting carrier has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person, the liability of the accounting carrier has become actual.

(2) Losses resulting from the operations of others, whenever, in accordance with the terms of any contract, the accounting carrier is bound to contribute toward reimbursement of such losses.

(3) Losses on receivables, notes or claims, which are not includible in account 4680—Uncollectible Revenues.

(4) Amortization charges of the book value of property included in account 1550—Other Intangible Property, and other items carried among its assets.

(5) Contributions for charitable, social or community welfare purposes which do not have a direct or intimate relation to the protection of the property, development of the business or welfare of employees. (See account 4656—Other General Expenses.)

(6) Penalties and fines for violations of law not provided for in account 4264—Other Transportation Expenses.

(7) Premiums for life insurance carried on the lives of officers and employees when the carrier is the beneficiary.

INCOME TAXES

8000. *Provision for income taxes.*—This account shall include charges for the year classifiable in accounts 8010 to 8060, inclusive.

8010. *Federal income tax.*—Charge this account each period on an estimated basis with the amount accrued for Federal Income Tax, concurrently crediting account 2120—Taxes Accrued.

8020. *Federal excess profits tax.*—Charge this account each period on an estimated basis with the amount accrued for Federal Excess Profits Tax, concurrently crediting account 2120—Taxes Accrued.

8030. *Federal surtax on undistributed profits.*—Charge this account on an estimated basis with the amount accrued for Federal Surtax on Undistributed Profits, concurrently crediting account 2120—Taxes Accrued.

8040. *Other Federal income taxes.*—Charge this account each period on an estimated basis with the amount accrued for other Federal Income Taxes, concurrently crediting account 2120—Taxes Accrued.

8050. *State income taxes.*—Charge this account each period on an estimated basis with the amount accrued for State Income Taxes, concurrently crediting account 2120—Taxes Accrued.

8060. *Other income taxes.*—Charge this account each period on an estimated basis with the amounts accrued for all other income taxes, not provided for in the foregoing accounts, concurrently crediting account 2120—Taxes Accrued.

Form of Income Statement

I. Carrier Operating Income:

Revenues:

3000. Operating Revenues.....

Expenses:

4000. Operation and Maintenance Expenses.....

5000. Depreciation Expense.....

5100. Amortization Chargeable to Operations.....

5200. Operating Taxes and Licenses.....

5300. Operating Rents—Net.....

Total Expenses.....

Net Operating Revenue.....

5400. Rent for Lease of Carrier Property—

Debit.....

5500. Income from Lease of Carrier Property—

Credit.....

Net Carrier Operating Income.....

II. Other Income:

6000. Net Income from Non-Carrier Operations.....

6100. Net Income from Non-Operating Property.....

6200. Interest Income.....

6300. Dividend Income.....

6400. Income from Sinking and Other Funds.....

6500. Other Non-Operating Income.....

Total Other Income.....

Gross Income.....

III. Income Deductions:

7000. Interest on Long-Term Obligations.....

7100. Other Interest Deductions.....

7200. Taxes Assumed on Interest.....

7300. Amortization of Debt Discount and Expense.....

7400. Amortization of Premium on Debt—Credit.....

7500. Other Deductions.....

Total Income Deductions.....

Net Income before Income Taxes.....

8000. Provisions for Income Taxes.....

Net Income (or Loss) Transferred to
Earned Surplus.....

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS I COMMON AND CONTRACT MOTOR CARRIERS OF PROPERTY

ISSUE OF 1937—EFFECTIVE JANUARY 1, 1938

Carroll Miller, Chairman; Balthasar H. Meyer, Clyde B. Aitchison, Joseph B. Eastman, Frank McManamy, Claude R. Porter, William E. Lee, Charles D. Mahaffie, Walter M. W. Splawn, Marion M. Caskie, John L. Rogers; W. P. Bartel, Secretary.

ORDER

At a General Session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 29th day of November A. D. 1937.

The subject of a Uniform System of Accounts to be prescribed for Class I common or contract motor carriers of property, subject to the Motor Carrier Act, 1935, being under consideration:

It is ordered, That the Uniform System of Accounts and the text pertaining thereto, hereafter known as Issue of 1937, a copy of which is now before the Commission, be, and is hereby approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, be filed in the office of the Bureau of Motor Carriers; and that each file of the said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said Uniform System of Accounts be, and is hereby, prescribed for the use of Class I common or contract motor carriers of property, subject to the provisions of the Motor Carrier Act, 1935, in the keeping and recording of their accounts; that each and every such carrier and each and every receiver, trustee, executor, administrator or assignee of such motor carrier be required to keep all accounts in conformity therewith; and that a copy of said Issue of 1937, be sent to each and every such motor carrier and to each and every receiver, trustee, executor, administrator or assignee of such motor carrier.

It is further ordered, That for the purpose of applying the system of accounts for motor carriers subject to the Motor Carrier Act, 1935, Class I carriers shall include each carrier having average gross revenues of \$100,000 or over annually from its motor carrier operations; and that such average revenues shall be determined by the average of its annual gross revenues from motor carrier operations for the three years immediately preceding the effective date of this system of accounts.

It is further ordered, That the date on which the said Issue of 1937 of the Uniform System of Accounts shall become effective be, and is hereby, fixed on January 1, 1938.

Dated at Washington, D. C., this 29th day of November, A. D. 1937.

By the Commission.

[SEAL]

W. P. BARTEL, Secretary.

UNIFORM SYSTEM OF ACCOUNTS FOR MOTOR CARRIERS

This uniform system of accounts for motor carriers is issued and prescribed under the following provisions of the Motor Carrier Act, 1935:

Sec. 204. (a) It shall be the duty of the Commission—

(1) To regulate common carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to continuous and adequate service, transportation of baggage and express, uniform systems of accounts, records, and reports, preservation of records, qualifications and maximum hours of service of employees, and safety of operation and equipment.

(2) To regulate contract carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to uniform systems of accounts, records, and reports, preservation of records, qualifications and maximum hours of service of employees, and safety of operation and equipment.

(4) To regulate brokers as provided in this part, and to that end the Commission may establish reasonable requirements with respect to licensing, financial responsibility, accounts, records, reports, operations, and practices of any such person or persons.

(c) The Commission may from time to time establish such just and reasonable classifications of brokers or of groups of carriers included in the term "common carrier by motor vehicle", or "contract carrier by motor vehicle", as the special nature of the services performed by such carriers or brokers shall require; and such just and reasonable rules, regulations, and requirements, consistent with the provisions of this part, to be observed by the carriers or brokers so classified or grouped, as the Commission deems necessary or desirable in the public interest.

Sec. 220. (a) The Commission is hereby authorized to require annual, periodical, or special reports from all motor carriers, to prescribe the manner and form in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the Commission may deem information to be necessary. Such reports shall be under oath whenever the Commission so requires. The Commission may also require any motor carrier to file with it a true copy of each or any contract, agreement, or arrangement between such carrier and any other carrier or person in relation to any traffic affected by the provisions of this part, to which he or it may be a party.

Sec. 222. (g) Any motor carrier, or broker, or any officer, agent, employee, or representative thereof who shall willfully fail or refuse to make a report to the Commission as required by this part, or to keep accounts, records, and memoranda in the form and manner approved or prescribed by the Commission, or shall knowingly and willfully falsify, destroy, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor and upon conviction thereof be subject for each offense to a fine of not less than \$100 and not more than \$5,000.

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued", as applied to securities, means those which have been sold to *bona fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property) so that the purchasers secured them free from control by the issuing carrier, also securities issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking and other funds.

3. "Actually outstanding", as applied to securities issued or assumed by the carrier, means those which have been actually issued and are neither retired nor held by or for the carrier; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. "Additional" means structures, facilities, or equipment added to those in service and not taking the place of anything previously existing.

5. "Amortization" means the gradual extinguishment of an amount in an account by prorating such amount over either a fixed period dependent on the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

6. (a) "Associated companies" means companies or persons that directly or indirectly, through one or more intermediaries, control or are controlled by, or are under common control with the accounting carrier.

(b) "Control" (including the terms "controlling", "controlled by", and "under common control") as used herein, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, firm or corporation, whether through the ownership of voting securities, by contract or otherwise. If in any instance the existence of control is or may be open to reasonable doubt, the carrier shall report to the Commission all of the material facts pertinent to the possible existence of control.

7. "Betterment" means the enlargement or improvement of existing structures, facilities, and equipment.

8. "Book cost" means the amount at which property is recorded on the books of the carrier without deduction of related reserves.

9. "Carrier" or "motor carrier" includes both a common carrier by motor vehicle and a contract carrier by motor vehicle subject to the Motor Carrier Act, 1935.

10. "Carrier operating property" means the property which is used (see definition 40) by the carrier in the conduct of

its motor carrier operations or leased to others for such operations, and which has an expectation of life in service of more than one year from date of installation. This includes land, structures, equipment, and facilities necessary for such operations and services incidental thereto.

11. "Company" means any individual, firm, copartnership, corporation, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

12. "Commission" or "the Commission" means the Interstate Commerce Commission.

13. "Contingent Assets" means a possible source of value to the carrier dependent upon the fulfillment of conditions regarded as uncertain.

14. "Contingent Liabilities" means items which may under certain conditions become obligations of the carrier but which are neither direct nor assumed liabilities at the date of the balance sheet.

15. "Cost" means the amount of money actually paid for property or services, or the cash value at the time of the transaction of any consideration other than money.

16. "Cost of removal" means the cost of demolishing, dismantling, tearing down, or otherwise removing operating property, including the cost of transportation and handling incident thereto.

17. "Current Assets" means cash as well as those assets that are readily convertible into cash or are held for current use in operations or construction; current claims against others, payment of which is reasonably assured; and other amounts accruing to the carrier which are subject to settlement within one year from the date of the balance sheet.

18. "Current Liabilities" means those obligations the amount of which is definitely determined or closely estimated which are either matured at the date of the balance sheet or become due within one year from date of issuance or assumption or upon demand, except bonds, equipment and other long-term obligations, receivers' or trustees' certificates, which shall be classed as long-term obligations (see definition 26) regardless of the period for which they are to run.

19. "Date of retirement", as applied to operating property, means the date at which such property is permanently withdrawn from service.

20. "Debt expense" means all expense in connection with the issuance and sale of evidences of long-term debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds, certificates of indebtedness, and other evidences of debt; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing evidences of debt; fees and expenses of listing on exchanges; and other like costs.

21. "Delayed items" means items relating to transactions which occurred before the current calendar year. It includes adjustments of errors in the income, operating revenue, and operating expense accounts of prior years.

22. "Depreciation", as applied to depreciable operating property, means the loss in service value (see definition 37) not restored by current maintenance, incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, changes in the art, inadequacy, changes in demand, and requirements of public authority.

NOTE A.—Unit Plan means the plan under which depreciation charges are computed and the records maintained so that the total amount of depreciation accrued applicable to each unit can be determined.

NOTE B.—Group Plan means the plan under which depreciation charges are accrued upon the basis of the sum total of the book cost balances at the close of each month (or four-week period) of all property included in each account or sub-division thereof, at rates determined from the average service life of the property included therein, and upon the retirement of any such property

its full service value is charged to the depreciation reserve whether or not the particular item has attained the average service life.

23. "Discount", as applied to securities issued or assumed by the carrier, means the excess of the par or face value of the securities, plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from the sale.

24. "Distinct Operating Unit" means all or any portion of a route or routes covered by a certificate of convenience and necessity or a permit and operated as a separate entity, including the physical property used in the operation thereof.

25. "Joint facility" means any property occupied or used jointly by the carrier and one or more other carriers under a definite arrangement whereby the costs are shared between the parties to the joint agreement. Portions of a structure or other property used exclusively by each of two or more carriers are not joint facilities.

26. "Long-term obligations" means obligations having a life of more than one year from date of creation or assumption, and all unmatured bonds and receivers' or trustees' certificates.

27. "Mileage method", as applied to depreciation of vehicles, means the plan under which the service value is charged to depreciation expenses and credited to depreciation reserves at a fixed rate per mile run.

28. "Minor items", as applied to carrier operating property (see definition 10), means the associated parts or elements of which units of property (see definition 39) are composed. (See instruction 21C.)

29. "Net book cost", when applied to property, means the book cost (see definition 8) less related depreciation and amortization reserves.

30. "Net salvage value" means the salvage value (see definition 35) of property retired after deducting the cost of removal.

31. "Nominally issued", as applied to securities issued or assumed by the carrier, means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the carrier, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

32. "Premium", as applied to securities issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of sale.

33. "Property retired", as applied to operating property, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

34. "Replacing" or "replacement", when not otherwise indicated in the context, means the acquisition, construction, or installation of property in place of property of like purpose retired, together with the removal of the property retired.

35. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recovered is chargeable to account 1180—Material and Supplies, or other appropriate account.

36. "Service life" means the period between the date when carrier operating property (see definition 10) is placed in service and the date of its retirement. (See definition 33.)

37. "Service value" means the difference between the book cost (see definition 8) and the net salvage value (see definition 30) of carrier operating property.

38. "Straight-line method", as applied to depreciation accounting, means the plan under which the service value (see definition 37) of property is charged to depreciation expenses or other appropriate accounts and credited to the depreciation reserves through equal periodic charges as nearly as may be during its service life.

39. "Unit of Property", for the purpose of this system of accounts, means any item of property which on sale, abandonment, disposal or replacement is written out of the property accounts as provided for in instruction 21.

40. "Used", as applied to operating property, means actually and necessarily in current service or ready for and reasonably required to be currently held for future service.

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1. *Classification of carriers.*—A. For the purpose of prescribing Uniform Systems of Accounts for common or contract motor carriers subject to the Motor Carrier Act, 1935, carriers are grouped into the following three classes:

Class I. Carriers having average gross operating revenues (including interstate and intrastate) of \$100,000 or over annually, from motor carrier operations.

Class II. Carriers having average gross operating revenues (including interstate and intrastate) of \$25,000 or over, but under \$100,000 annually, from motor carrier operations.

Class III. Carriers having average gross operating revenues (including interstate and intrastate) of less than \$25,000 annually, from motor carrier operations.

B. Class I carriers shall keep all the accounts prescribed herein, where applicable. Separate systems of accounts will be prescribed for Class II and Class III carriers.

C. In order that frequent changes may be avoided, the class to which any carrier belongs may be determined by the average of its annual gross operating revenues for the three years immediately preceding the effective date of this system of accounts. If, at the end of any calendar year following, the average of its annual gross operating revenues for the three preceding years is greater than the maximum for the class in which the carrier has been grouped, it shall automatically be grouped in the higher class in which it falls because of such increased annual revenues. Any carrier engaged in new undertakings, the annual revenue from which is not known in advance, shall be classed in accordance with a reasonable estimate of its prospective revenues.

D. Any carrier may, at its option, place itself in any group higher than the one in which it falls on the basis of its average annual gross operating revenues. Notice of such action shall be promptly filed with the Commission.

2. *Records.*—A. All the accounts defined in this system of accounts must be kept by the double entry method. Each carrier shall keep its general accounting books and all other books, records and memoranda which support in any way the entries to such accounting books and analyses of general ledger account balances so that it can furnish at any time full information as to any account. Moreover, it shall support each entry to each account with such detailed information as will provide a ready analysis and verification of the facts recorded therein. All expenditures must be definitely supported by vouchers, pay rolls, receipted bills, cancelled checks, receipts for petty cash payments, or other evidences of the expenditures incurred.

B. The books referred to herein include not only books of account in a limited technical sense but all other records such as minute books, stock books, reports, correspondence, memoranda, etc., which will be useful in developing the history of or facts regarding any transaction.

C. Carriers shall not destroy any books, records, memoranda, etc., which support entries to its accounts unless the destruction thereof is specifically provided for in the Regulations to Govern the Preservation of Records of Motor Carriers and Brokers.

D. Subdivisions of any account in this system of accounts may be kept, provided that such subdivisions do not impair the integrity of the accounts prescribed. The Commission reserves the right to order any carrier to subdivide any account in this system of accounts. The title of each such subdivision shall clearly indicate the account of which it is a part. When an account is subdivided in the general ledger, an account need not be maintained for the total of the subdivisions. When such subdivisions are carried in subsidiary ledgers, however, the general ledger shall contain the controlling accounts therefor so that a complete general ledger trial balance may be obtained.

3. *Accounting period.*—Each carrier shall keep its books on a calendar year basis and for each month (or four-week period) all transactions applicable thereto, as nearly as can be ascertained (see instruction 8) shall be written up, posted to the general ledger and balanced. The final entries for any month (or four-week period) shall be made in the general ledger not later than 60 days after the last day of the accounting period for which the accounts are stated, unless otherwise authorized by the Commission, except that the period within which the final entries for the last period in the calendar year shall be made may be extended to such date in the following March as shall not interfere with the preparation and filing of annual reports as required by paragraph (a) of section 220 of the Motor Carrier Act, 1935.

4. *Submission of questions.*—To maintain uniformity of accounting, carriers shall submit all questions of doubtful interpretation to the Commission for consideration and decision.

5. *Item lists, interpretation of.*—Lists of items appearing in the texts of the several accounts are given for the purpose of indicating the application of the prescribed accounting in specific cases. The lists are not to be considered as comprising all items includible in the several accounts, but merely as representative of them. On the other hand, the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

6. *Opening entries.*—As of the effective date of this system of accounts the accounts prescribed herein shall be opened by appropriately transferring thereto the balances carried in the accounts previously maintained by the carrier. The carrier is authorized to make such subdivisions, reclassifications, consolidations of or additions to such balances as are necessary to meet the requirements of this system of accounts.

7. *Delayed items.*—A. Delayed items (see definition 21) shall be charged or credited to the same accounts which

should have been charged or credited if the items had been taken up or adjusted in the period to which they pertain. When the amount of a delayed item is relatively so large that its inclusion in the accounts for a single period would seriously distort those accounts, it may be distributed in equal amounts to the accounts for the current and remaining periods of the calendar year.

B. If the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort those accounts, the amount shall be distributed to the appropriate surplus account.

8. *Unaudited items.*—A. When the amount of any item affecting these accounts can not be accurately determined in time for inclusion in the accounts of the calendar year in which the transaction occurs, the amount of the item shall be estimated and included in the proper accounts. When the item is audited the necessary adjustments shall be made through the accounts in which the estimate was recorded. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substantial difference from the initial estimate is determined, appropriate adjustments shall be made in the current accounts to cover such difference. The carrier is not required to anticipate small items which would not appreciably affect these accounts.

B. If, owing to exceptional conditions, a carrier finds a modification of the instructions in paragraph A necessary, it shall furnish a statement of its proposed plans to the Commission for approval before adoption.

9. *Spreading of unusual income, revenue and expense items.*—When the amount of any unusual item includible in an income, operating revenue, or operating expense account for a single period is relatively so large that its inclusion in the accounts for that period would seriously distort those accounts it may be included in account 1890—Other Deferred Debits, or account 2450—Other Deferred Credits, as appropriate, and distributed in equal amounts to the accounts for the current and remaining periods of the year. No such item shall be spread beyond the accounts of the current year without authority of the Commission.

10. *Current assets.*—A. In the group of accounts designated as Current Assets (accounts 1000 to 1190, inclusive) there shall not be included any item the amount or collectibility of which is not reasonably assured or for which provision has not been made in a reserve. Items of current character but of doubtful value may be carried in these accounts at a nominal value or included in account 1890—Other Deferred Debits, at book cost or nominal value, or written off, as may be appropriate.

B. Adjustments to accomplish the writing down of items of doubtful value not covered by reserves shall be made through account 4680—Uncollectible Revenues, account 7500—Other Deductions, account 2946—Other Debits to Surplus, or other appropriate income or surplus account.

11. *Discount or premium on securities of other companies.* (See instruction 15.)

12. *Discount, expense and premium on capital stock.*—A. This system of accounts provides accounts for discounts, commissions and expenses on capital stock and another account for premium on capital stock. These accounts shall be subdivided for each class and series of capital stock issued by the carrier. Commission and expenses applicable to capital stock issues shall be included in the commission and expense account and shall not be deducted from premium on capital stock.

B. In stating the balance sheet, discount on capital stock shall not be netted against premiums.

C. General levies or assessments against stockholders of par or stated value shares shall be credited to the premium account for the particular class and series of capital stock so assessed.

D. Discounts and expenses on capital stock may be amortized by charges to account 2900—Unearned Surplus. However, in no event shall net debits exceed the accumulated net credits in unearned surplus. Any excess of debits may be

retained in account 1900—Discount on Capital Stock or account 1910—Commission and Expense on Capital Stock, as appropriate, until the stock is reacquired or retired, or the excess debits may be charged to account 2946—Other Debits to Surplus.

E. Discount and expenses on capital stock reacquired or retired shall be accounted for in accordance with instruction 14.

13. *Discount, expense and premium on long-term obligations.*—A. A separate subdivision shall be maintained in account 1880—Unamortized Debt Discount and Expense, for the excess of discount and debt expense over any premium related to each class of long-term debt issued or assumed by the carrier. (See definitions 20, 23 and 32.)

B. Corresponding subdivisions shall be maintained in account 2400—Unamortized Premium on Debt, for the excess of the premium over any discount and debt expense related to each class of long-term debt issued or assumed by the carrier.

C. Each period there shall be credited to each subdivision of account 1880—Unamortized Debt Discount and Expense, the amount applicable to such period under a plan of amortization, the application of which will equitably distribute the balance therein over the life of the security. Amounts thus credited shall be concurrently charged to account 7300—Amortization of Debt Discount and Expense.

D. Correspondingly, each period there shall be charged to each subdivision of account 2400—Unamortized Premium on Debt, the portion of such credit balance which is applicable to that period. Amounts thus charged shall be concurrently credited to account 7400—Amortization of Premium on Debt—Credit.

E. Except as provided in paragraphs C and D of this instruction, the balances in each of these accounts or subdivisions thereof shall be carried until the reacquisition of the securities to which it relates. At that time (unless otherwise ordered by the Commission in the case of an exchange of securities) a portion of the balances in these accounts, or subdivision for the particular class of long-term debt reacquired, shall be transferred to account 2933—Other Credits to Surplus, or account 2946—Other Debits to Surplus, as may be appropriate. Such portion shall be based on the relation of the amount of the particular issue of long-term debt reacquired to the total outstanding before the reacquisition. This provision shall also apply to securities held alive in sinking or other funds under instruction 14.

F. Except for such discount or expense as may be applicable to the construction period, no discount or expense on long-term debt shall be included in any account as a part of the cost of acquiring any property or as a part of the cost of operation.

14. *Company securities owned.*—A. *Capital stock.*—

1. Capital stock actually issued or assumed by the carrier which has been reacquired, shall be retired or carried in account 1920—Reacquired Securities, at the par or stated value, or the pro-rata proportion of the total of no-par stock without stated value at which it is carried in account 2700—Preferred Capital Stock, or account 2710—Common Capital Stock, unless it is required by provision of a mortgage or decision of a trustee not subject to the control of the accounting carrier that it be retained alive in sinking or other funds. The difference between the amount paid for the reacquired stock and the amount includible in account 1920, plus the premium and less the discount and expense entered in respect to the reacquired stock and not written off, shall be debited or credited as appropriate to account 2900—Unearned Surplus. In no event, however, shall net debits exceed the accumulated credits in Unearned Surplus. Any excess of debits resulting from reacquisition of capital stock over such accumulated credits in Unearned Surplus shall be charged to account 2946—Other Debits to Surplus.

2. When reacquired capital stock is resold by the carrier, the amount included in account 1920—Reacquired Securities, shall be credited thereto and the accounting for pre-

miums realized, discounts, commissions or expenses incurred, shall be the same as provided for in connection with original sales of capital stock.

B. Equipment and long-term obligations.—

1. Equipment and other long-term obligations reacquired by the carrier shall be entered in account 1920—Reacquired Securities, at face value. The difference between the face value and the amounts actually paid for the reacquired obligations shall be debited or credited as appropriate to account 2946—Other Debits to Surplus, or account 2933—Other Credits to Surplus. Likewise, any unamortized debt discount, expense or premium, applicable to the reacquired obligations, shall be adjusted through accounts 2946 or 2933, as appropriate.

2. When reacquired equipment and other long-term obligations are resold by the carrier, the amount included in account 1920—Reacquired Securities, shall be credited thereto and the accounting for any premiums realized, discounts, commissions or expenses incurred shall be the same as provided for in connection with original sales of such obligations.

15. *Book cost of securities owned.*—A. Securities of others acquired by the carrier shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The carrier may write down the book cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities shall be recognized in the accounts. A reserve may be provided against such declines in value by charges to account 2946—Other Debits to Surplus.

C. When securities with a fixed maturity date are purchased at a discount (that is when the total cost including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is credited. No debits shall be made in respect to discount upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is when the total cost including brokerage fees, taxes, commissions, etc., is in excess of par), such premiums may be amortized over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

16. *Clearing accounts, purpose of.*—A. Clearing accounts, designed to facilitate the distribution of certain expenditures which may affect both construction and operations or which may affect transportation and other operations, may be kept when necessary in making the proper distribution of items to the appropriate accounts.

B. Balances in clearing accounts shall be fully cleared not later than the end of the calendar year unless items held therein unquestionably relate to future periods. Items carried over shall be included in account 1890—Other Deferred Debits, or account 2450—Other Deferred Credits.

17. *Deduction of reserves.*—In stating the balance sheet, reserves shall be shown separately and shall be deducted from the specific assets to which they apply. Reserves not applicable to specific assets shall be shown on the liability side. (See form of balance sheet following balance sheet accounts.)

18. *Contingent assets and liabilities.*—The balance sheet of a carrier shall clearly state by adequate notes contingent as-

sets or liabilities not reflected in the balance sheet accounts, including any arrears in cumulative dividends, stating the amount per share of each class of stock and in total and the facts and amounts with respect to any default in principal, interest, or sinking fund provisions if not shown in the balance sheet accounts.

19. *Operating property to be recorded at cost.*—A. Amounts chargeable to the accounts numbered 1200 and 1300, designated as Carrier Operating Property accounts, shall be the actual cost to the carrier of the items properly includible therein, also including the excess cost of improvements over the estimated cost at current prices of property removed and replaced, and shall be exclusive of any cost for intangible items includible in any of the subdivisions of account 1500—Organization, Franchises and Permits, or account 1550—Other Intangible Property. (See, however, instruction 20.)

B. The book cost of the construction or acquisition of property chargeable to the carrier operating property accounts 1200 and 1300 shall include the cost of direct labor, indirect labor, materials, transportation, contract work, rent of construction facilities, taxes and simple interest during construction; also such portion of engineering, supervision, law expenditures, injuries and damages, compensation and other insurance, as is applicable to the construction period; and other analogous elements applicable to the construction and acquisition of property.

C. Any unit of property, including additions to or betterments of existing property, having a cost not in excess of \$50.00, or having a life of one year or less, may be charged to the appropriate operation and maintenance expense, or clearing account and not to the property account, except that if small tools, portable equipment and similar items are consumed directly in construction work, the cost may be included as part of the cost of the constructed unit. This is not to be construed as authorizing the parceling of expenditures to bring them within this limit, or the inconsistent application of any rule or practice adopted by the carrier hereunder to the same item or class of property. If a carrier adopts a rule hereunder, changes in the rule shall be reported to the Commission.

D. When operating property is purchased under any plan involving deferred payments, no charges shall be made to operating property accounts for interest, insurance, or other expenditures occasioned by such form of payment.

E. When the consideration given for property is anything other than cash, the cash value of such consideration shall be used, except that where physical property is received in exchange for physical property, such property shall be recorded at the net book cost of the property given in exchange. In the journal entry recording such a transaction the actual consideration shall be described with sufficient particularity to identify it. The carrier shall be prepared to furnish to the Commission the particulars of its determination of the cash value of the consideration if other than cash.

20. *Property purchased.*—A. When any transportation system or portion thereof constituting a distinct operating unit (see definition 24) is purchased, the constituent elements thereof that are chargeable to carrier operating property accounts 1200 and 1300 and to any subdivision of account 1500—Organization, Franchises and Permits, may be recorded in these accounts at their book cost as reflected by the records of the vendor (see definition 8) with concurrent credits to the depreciation and amortization reserves for accrued depreciation and amortization to date of purchase, otherwise such purchases shall be recorded in the books of the accounting carrier at cost. If the costs of the various elements of property are not separable in the purchase agreement, estimated values shall be used in charging the accounts appropriate for the property. In no event shall the amounts charged to accounts 1200 and 1300 exceed the actual amount paid therefor, or the current cost new of similar property.

B. The journal entry allocating the property purchased to the operating property accounts and setting up the accrued

depreciation and amortization thereon should also cover any additional assets acquired or liabilities assumed and any incidental expenses incurred in connection with the transaction. Full supporting details, showing the purchase price, the principal from whom it was acquired, the agents who represented such principal, the basis of determining the book cost of constituent elements in the property purchased and when recorded at book cost as reflected by the records of the vendor, the accrued depreciation and amortization thereon at date of purchase shall be stated in the journal entry recording the purchased property.

C. Any undistributed portion of the purchase cost not includible in specific accounts provided for assets acquired or liabilities assumed shall be charged to account 1550—Other Intangible Property.

D. In a transaction involving the acquisition of any transportation system or portion thereof constituting a distinct operating unit (see definition 24) from another carrier, the purchaser shall obtain from the vendor all available records and other evidence (or certified copies thereof) relating to the acquisition, construction and improvement of the property acquired.

21. *Operating property retired.*—When carrier operating property (see definition 10) ceases to be used (see definition 40) it shall be retired. If not dismantled or otherwise disposed of, it shall be transferred to account 1400—Non-Carrier Operating Property, or account 1450—Non-Operating Property, as appropriate. (See instruction 23.)

A. *Property under "Unit plan" of depreciation.*—When a unit of property on which depreciation charges were accrued under the unit plan, (see definition 22) is retired from service, the book cost of such property shall be credited to the appropriate property account and concurrently charged, together with the cost of removal, to the depreciation reserve account. Any salvage or insurance recovered, including amounts provided for in any insurance or other reserve with respect to the retired property when such reserve covers the cause of retirement shall be credited to the depreciation reserve. Any difference remaining in the depreciation reserve after the above entries, shall be charged or credited as appropriate to account 5091—Depreciation Adjustment.

B. *Property under "Group plan" of depreciation.*—When a unit of property, on which depreciation charges were accrued under the group plan (see definition 22), is retired from service, the book cost thereof shall be credited to the appropriate property account and concurrently charged, together with the cost of removal, to the depreciation reserve account. Any salvage or insurance recovered, including amounts provided for in any insurance or other reserve with respect to the retired property, when such reserve covers the cause of retirement, shall be credited to the depreciation reserve account.

C. *Minor items.*—When the property retired constitutes a minor item (see definition 28), the book cost of which has been or will be accounted for by its inclusion in the unit of property of which it is a part when such unit of property is retired, no adjustment of the operating property account or depreciation reserve is required therefor. When a minor item is retired and replaced, with property of like purpose, the entire cost of replacement shall be charged to the account appropriate for the cost of repairs of the property retired, except that if the replacement effects a betterment (see definition 7), there shall be charged to the property account, the excess cost of the replacement over the estimated cost at current prices of the items retired (see instruction 19 C), provided that property bettered shall not be carried in excess of the current cost new of equivalent property.

D. *Land.*—When land is sold, the book cost shall be credited to the land account and any difference between the book cost and the sales price, less commissions and expenses, on the sale shall be adjusted through account 2933—Other Credits to Surplus, or account 2946—Other Debits to Surplus, as appropriate. (See instruction 19 E.)

E. *Determination of book cost.*—The book cost of operating property retired shall be the amount at which such property is included in the operating property accounts including all items set forth in instruction 19. Such costs shall be determined from the carrier's records when this can be done, as in the case of land, structures, revenue automotive equipment, service equipment, furniture, and other items of operating property for which individual cost records are available. When the actual book cost cannot be determined from the records, it shall be estimated. When it is impracticable to determine the book cost of each item due to the relatively large number and/or small cost of such items, the average book costs of all the items, with due allowance for differences in size or character, shall be used as the book cost of the items retired. The latter method may be applied in retirement of such items as spare parts, tools, etc.

F. *Intangibles.*—The accounting for the retirement of items included in account 1511—Franchises, account 1541—Patents, and intangible elements with limited terms included in account 1201—Land and Land Rights, shall be as provided in the texts of account 2600—Reserve for Amortization—Carrier Operating Property, and account 5110—Amortization of Carrier Operating Property.

G. *Sale of property.*—When operating property used in transportation operations is sold together with the transportation business associated therewith, the book cost of the property shall be credited to the appropriate operating property accounts and the amounts carried with respect thereto in the depreciation and amortization reserve accounts, estimated if necessary, shall be charged to such reserves. The difference, if any, between (1) the net amount of such debit and credit items, and (2) the consideration received for the property, shall be included in account 2946—Other Debits to Surplus, or account 2933—Other Credits to Surplus, as appropriate.

H. *Extraordinary losses.*—If the cause of retirement of depreciable operating property is one for which provision has not been made in the depreciation reserve and the loss is not covered by insurance, the accounting for the necessary adjustment shall be made in accordance with instructions under account 1890—Other Deferred Debits.

22. *Leased property, expenditures on.*—A. Except as provided in paragraph B following, the cost of initial improvements, including rearrangements, additions and betterments, to property leased from others made in the course of preparing the property for motor carrier operations and the cost of any subsequent additions to and betterments of such leased property, not including replacements, shall be charged to the operating property account 1271—Improvements to Leasehold Property. Amortization and depreciation on such expenditures shall be provided for in the manner set forth in instruction 25.

B. When the cost of alterations to leased transportation property otherwise chargeable to account 1271—Improvements to Leasehold Property, is not in excess of \$50.00 or the period of the lease is less than one year, the cost may be charged to the accounts chargeable with the cost of repairs to such property.

23. *Transfer of property.*—Property transferred between accounts 1200—Carrier Operating Property, 1300—Carrier Operating Property Leased to Others, and accounts 1400—Non-Carrier Operating Property, 1450—Non-Operating Property, shall be charged or credited, as appropriate, to the carrier operating property accounts 1200 and 1300 at its book cost with the debits or credits to the appropriate accounts for the accrued depreciation and amortization to date of transfer.

24. *Common property.*—A. If the carrier is engaged in forms of enterprise other than motor carrier operations and any of its carrier operating property is used in common for two or more purposes to such an extent and in such manner that it is otherwise impracticable to segregate it in the accounts, an allocation of the book cost thereof shall be made and the portion so ascertained to be assignable to motor carrier operations shall be recorded in the carrier operating property accounts 1200 and 1300. The remainder

shall be recorded in accounts 1400 or 1450 as appropriate. It is not contemplated that minor or temporary changes in conditions shall necessitate frequent reallocations of common property.

B. The carrier shall be prepared to show at any time and to report to the Commission when required, and by carrier operating property accounts 1200 and 1300 the following:

1. The book cost of common property,
2. The allocation of such cost to carrier operations and other purposes for which the jointly operated property is used, and
3. The basis of the allocation.

C. The expenses of operation, maintenance, depreciation and amortization of common property shall be recorded in the accounts prescribed herein and the allocation of such expenses to the carrier operations shall be supported in the same manner as the allocation of the cost of such property.

25. *Depreciation accounting.*—A. There shall be charged each month (or four-week period) to account 5000—Depreciation Expense, and credited to account 2500—Reserve for Depreciation—Carrier Operating Property, during the service life of depreciable property included in account 1200—Carrier Operating Property, amounts which will approximate the loss in service value not restored by current maintenance or covered by insurance, the effect of which can be forecast with a reasonable approach to accuracy. The straightline method of computing depreciation (see definition 38) shall be used and the current depreciation charge shall be obtained by applying the applicable portion of the annual percentage rate to the book cost balances, except that the mileage method (see definition 27) may be used on automotive equipment, in which event the rate per mile shall be applied to the number of miles traveled each period. In no event, however, shall the charges based on such mileage method be less during any calendar year than would result from the application of rates based on the straight-line method.

Carriers engaged in seasonal operations may apportion the estimated annual depreciation charge over the months in which operations are actually conducted.

B. Depreciation charges on property included in accounts:

1211. Structures.
1221. Revenue Equipment.
1231. Service Cars and Equipment.

shall be computed on the unit plan (see definition 22) under the straight-line method. Depreciation charges on any unit of property which is depreciated under the unit plan shall cease when the estimated service value shall have been credited to the depreciation reserve.

C. Depreciation charges on property included in accounts:

1241. Shop and Garage Equipment.
1251. Furniture and Office Equipment.
1261. Miscellaneous Equipment.

shall be computed under either the unit plan or the group plan. (See definition 22.) If the group plan is used the current depreciation charge shall be determined by applying the applicable portion of the annual percentage rate to the sum total of the book cost balances of the property included in each account, or subdivisions thereof, at the rates determined from weighted averages of service lives of the property included therein.

D. Depreciation charges upon property included in account 1271—Improvements to Leasehold Property, shall be made upon the same basis as for owned depreciable property. Such depreciation charges shall be charged to account 5071—Depreciation of Improvements to Leasehold Property. Any additional reserve required to meet losses expected to be incurred through reversion of such property to the lessor prior to the expiration of its service life shall be provided through charges to account 5110—Amortization of Carrier Operating

Property, and credits to account 2600—Reserve for Amortization—Carrier Operating Property.

E. Depreciation charges upon operating property constituting a distinct operating unit (see definition 24) leased from others under terms whereby the carrier has exclusive possession, shall be made on the same basis as for owned depreciable property. (See instruction 30.) Records shall be maintained similar to those for owned property showing the cost, service life and salvage value for each unit of depreciable operating property leased from others.

F. Depreciation charges on operating property constituting a distinct operating unit (see definition 24) leased to others for transportation operations, when the lessee has exclusive possession, shall be charged to account 5500—Income from Lease of Carrier Property—Credit, with concurrent credits to account 2500—Reserve for Depreciation—Carrier Operating Property.

G. Depreciation expense on non-carrier operating property and non-operating property shall be charged to the appropriate Other Income account and credited to account 2610—Reserve for Depreciation and Amortization—Other Property.

26. *Repairs, cost of.*—A. The cost of repairs chargeable to the various operation and maintenance expense accounts includes labor employed, materials used, and expenses incurred in all current maintenance (not including depreciation and amortization), such as:

- (1) Inspecting, testing, and reporting on the condition of operating property specifically to determine the need for repairs, minor replacements, rearrangements, and changes.
- (2) Testing for, locating, and clearing trouble.
- (3) Routine work to prevent trouble, such as general overhauling, removing carbon, grinding valves, adjusting and relining brakes, adjusting shock absorbers, cleaning and adjusting engines, etc.
- (4) Replacing minor items of operating property. (See also instruction 21 C.)
- (5) Rearranging and changing the location of property not retired.
- (6) Restoring the condition of property damaged by wear and tear, storms, breakage, floods, fire, accident, or other casualties. (See also paragraph B.)
- (7) Training employees for repair work.
- (8) Inspecting and testing after repairs have been made.

B. Materials recovered in connection with repairs to property shall be credited to the same account to which the repair cost was charged.

C. If employees engaged in transportation, station or terminal service are also required to make repairs, an equitable proportion of their pay and expenses shall be charged to the account appropriate for the cost of such repairs. (See instruction 28.)

D. If the book cost of any property is carried in account 1281—Undistributed Property, the repairs to such property shall be charged to the accounts provided for repairs to property of the same nature and use, the book cost of which is carried in other operating property accounts. Repairs to property leased from others shall be treated in like manner.

27. *Insurance.*—A. Provision has been made under Operation and Maintenance Expenses for recording amounts of premiums paid outside insurance companies in accounts as follows:

4520. Public Liability and Property Damage Insurance.
4541. Workmen's Compensation—Insurance.
4550. Cargo Insurance.
4570. Fire and Theft Insurance.
4580. Other Insurance.

Premiums paid in advance shall be charged to account 1800—Prepayments, and equitably distributed to the appropriate accounts over the period for which the premiums have been paid, except minor premiums which may be charged direct and premiums chargeable to construction.

B. Carriers authorized by the Commission to self-insure for automobile bodily injury liability, property damage liability or cargo liability shall record periodic charges to the appropriate expense accounts in amounts sufficient to cover estimated losses based on the carrier's experience.

C. The following accounts have been provided under Operation and Maintenance Expenses for the purpose of creating reserves for losses not covered by outside insurance and for losses incurred in excess of outside insurance coverage:

- 4530. Injuries and Damages.
- 4546. Workmen's Compensation—Self Insurer.
- 4560. Cargo Loss and Damage.
- 4570. Fire and Theft Insurance.
- 4580. Other Insurance.

Reserves created for self-insurance of injuries and damages, workmen's compensation and cargo loss and damage shall be included in account 2680—Injuries, Loss and Damage Reserves. Reserves created for self-insurance of all other risks shall be included in account 2660—Insurance Reserves.

Periodic charges to expense accounts for the purpose of creating reserves for self-insurance liability shall be determined currently by the carrier from its best source of information and the rates used may be based on percentage of revenue, mileage of trucks, amount of pay rolls or other equitable basis.

28. *Distribution of pay and expenses of employees.*—The charges to investments, operation and maintenance expenses, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period. The pay and expenses of an employee of one department who occasionally performs incidental services involving but small expense for another department may be included in the expense of the department in which the employee is regularly employed.

29. *Joint expenses.*—Where the carrier owns the joint facility, any amounts received as reimbursement of operation and maintenance costs shall be credited to the appropriate joint facilities—credit account under maintenance and garage expenses; station and terminal expenses; or administrative and general expenses. Any amounts received for depreciation, taxes and return on the joint facility, shall be credited to account 5390—Joint Facility Rents—Credit. Similarly, any amounts paid by the carrier under joint facility arrangements for operating and maintenance costs shall be charged to the appropriate joint facilities—debit account in the operation and maintenance expense group of accounts and any amounts paid for depreciation, taxes and return on the joint facility, shall be charged to account 5340—Joint Facility Rents—Debit.

30. *Rent and lease of carrier property.*—A. Provision is made in the several sub-divisions of account 5300—Operating Rents—Net, for rents receivable and payable for use of property other than that constituting a distinct operating unit or system. (See definition 24.)

B. Taxes payable by the lessee upon property rented or leased shall be included in account 5200—Operating Taxes and Licenses, by the lessee.

C. Other expenses payable by the lessee shall be included in the appropriate accounts on the books of the lessee.

D. Amounts payable for use of operating property constituting a distinct operating unit (see definition 24) leased from others under terms whereby the carrier has exclusive possession shall be apportioned between rent and depreciation. The portion covering rent shall be included in account 5400—Rent for Lease of Carrier Property—Debit, and the portion covering depreciation shall be included in account 5000—Depreciation Expense. (See instruction 25.)

E. The lessor shall credit the amount receivable for use of the property leased to account 5500—Income from Lease of Carrier Property—Credit. The lessor shall charge the esti-

mated depreciation accrual to account 5500 and credit account 2500—Reserve for Repreciation—Carrier Operating Property.

F. If settlement for either rent or depreciation is not made currently the amounts thereof shall be accrued by both lessor and lessee in harmony with the instructions in paragraphs C and D. The amounts accrued receivable, and payable, should be included in appropriate accounts classified under accounts 1890—Other Deferred Debits, and 2450—Other Deferred Credits, by the lessor and lessee, respectively.

Balance sheet accounts

ASSET SIDE

I. Current Assets

- 1000. Cash.
- 1020. Working Funds.
- 1040. Special Deposits.
 - 1041. Interest Special Deposits.
 - 1042. Dividend Special Deposits.
 - 1043. Miscellaneous Special Deposits.
- 1060. Temporary Cash Investments.
- 1080. Notes Receivable.
- 1100. Receivables from Associated Companies.
- 1120. Accounts Receivable.
- 1140. Subscribers to Capital Stock.
- 1160. Interest and Dividends Receivable.
- 1180. Material and Supplies.
- 1190. Other Current Assets.

II. Tangible Property

- 1200. Carrier Operating Property.
 - 1201. Land and Land Rights.
 - 1211. Structures.
 - 1221. Revenue Equipment.
 - 1231. Service Cars and Equipment.
 - 1241. Shop and Garage Equipment.
 - 1251. Furniture and Office Equipment.
 - 1261. Miscellaneous Equipment.
 - 1271. Improvements to Leasehold Property.
 - 1281. Undistributed Property.
 - 1291. Unfinished Construction.
- 1300. Carrier Operating Property Leased to Others.
- 1400. Non-Carrier Operating Property.
- 1450. Non-Operating Property.

III. Intangible Property

- 1500. Organization, Franchises and Permits.
 - 1501. Organization.
 - 1511. Franchises.
 - 1541. Patents.
- 1550. Other Intangible Property.

IV. Investment Securities and Advances

- 1600. Investments and Advances—Associated Companies.
- 1650. Other Investments and Advances.

V. Special Funds

- 1701. Sinking Funds.
- 1751. Depreciation Funds.
- 1781. Miscellaneous Special Funds.

VI. Deferred Debits

- 1800. Prepayments.
- 1880. Unamortized Debt Discount and Expense.
- 1890. Other Deferred Debits.

VII. Miscellaneous Debit Items

- 1900. Discount on Capital Stock.
- 1910. Commission and Expense on Capital Stock.
- 1920. Reacquired Securities.
- 1990. Nominally Issued Securities.

LIABILITY SIDE

VIII. Current Liabilities

- 2000. Notes Payable.
- 2020. Matured Equipment and Long-Term Obligations.
- 2030. Payables to Associated Companies.
- 2050. Accounts Payable.
- 2070. Wages Payable.
- 2090. C. O. D.'s Unremitted.
- 2100. Dividends Declared.
- 2120. Taxes Accrued.
- 2150. Interest Accrued.
- 2160. Matured Interest.
- 2190. Other Current Liabilities.

IX. Advances Payable

- 2200. Advances Payable—Associated Companies.
- 2250. Other Advances Payable.

X. Equipment and Other Long-Term Obligations

- 2300. Equipment Obligations.
- 2330. Bonds.
- 2360. Other Long-Term Obligations.

XI. Deferred Credits

2400. Unamortized Premium on Debt.
2450. Other Deferred Credits.

XII. Reserves

2500. Reserve for Depreciation—Carrier Operating Property.
2600. Reserve for Amortization—Carrier Operating Property.
2610. Reserve for Depreciation and Amortization—Other Property.
2650. Reserve for Uncollectible Accounts.
2660. Insurance Reserves.
2680. Injuries, Loss and Damage Reserves.
2690. Other Reserves.

XIII. Capital Stock

2700. Preferred Capital Stock.
2710. Common Capital Stock.
2720. Premiums and Assessments on Capital Stock.
2730. Capital Stock Subscribed.

XIV. Non-Corporate Capital

2800. Sole Proprietorship Capital.
2810. Partnership Capital.

XV. Unappropriated Surplus

2900. Unearned Surplus.
2930. Earned Surplus.

ASSET SIDE**I. CURRENT ASSETS**

1000. Cash.—This account shall include the amount of current funds available for use on demand in the hands of financial officers and deposits in banks or trust companies; also cash in transit for which agents or drivers have received credit.

NOTE A.—This account shall be credited with the amount of checks or drafts transmitted to payees.

NOTE B.—Funds subject to withdrawal restrictions.—Funds subject to such restrictions and deposits in closed banks shall not be included in this account. Such funds definitely known to be available within one year shall be included in account 1190—Other Current Assets. Deposits in closed banks which are not available within one year shall be included in account 1890—Other Deferred Debits.

1020. Working funds.—This account shall include amounts advanced to officers, agents, employees, and others as petty cash or working funds from which certain expenditures are to be made and accounted for.

1040. Special deposits.—This account shall include the balance of the amounts included in accounts 1041, 1042, and 1043, for short-term deposits.

1041. Interest special deposits.—This account shall include moneys and bank credits specially deposited in the hands of fiscal agents or others for the payment of interest on behalf of the carrier. When interest is paid from such deposits, it shall be credited to this account and charged to the appropriate accrued or matured interest account. Payments to trustees or other agents of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities or of mortgages supporting such securities as a release of the paying company from further liability for such interest, shall be charged to the appropriate interest accrual account.

1042. Dividend special deposits.—This account shall include moneys and bank credits in the hands of fiscal agents or others for the payment of dividends on behalf of the carrier. When dividends are paid from such deposits, they shall be credited to this account and charged to the appropriate dividend account.

1043. Miscellaneous special deposits.—This account shall include moneys and bank credits in the hands of fiscal agents or others for special purposes other than the payment of interest or dividends. This includes cash or securities deposited with Federal, state, or municipal authorities, public utilities, or others, as a guaranty for the fulfillment of obligations. Entries to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied and the deposit is released, this account shall be credited with the amount deposited.

NOTE.—This account shall not include any assets available for general company purposes.

1060. Temporary cash investments.—A. This account shall include the book cost (see instruction 15) of investments such as time drafts receivable and time loans, bankers' ac-

ceptances, United States Treasury certificates, marketable securities, and other similar investments acquired for the purpose of temporarily investing cash. Any securities included in this account must be of such a nature as to be readily convertible into cash at substantially the book value.

B. This account shall be sub-divided to reflect separately:

(1) Temporary Cash Investments—Associated Companies.

(2) Temporary Cash Investments—Other.

NOTE A.—Amounts carried in this account as pledged shall be shown separately from amounts unpledged.

NOTE B.—There shall not be included in this account amounts properly includible in accounts 1600—Investments and Advances—Associated Companies, or 1650—Other Investments and Advances.

1080. Notes receivable.—A. This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable, contracts receivable, and similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

NOTE A.—Notes receivable from associated companies shall be included in account 1100—Receivables from Associated Companies.

NOTE B.—The amount of notes receivable discounted, sold or transferred, unless transferred without recourse, shall be credited to account 2000—Notes Payable.

B. This account shall be sub-divided to reflect separately:

(1) Notes Receivable—Officers, Stockholders, and Employees.

(2) Notes Receivable—Other.

1100. Receivables from associated companies.—A. This account shall include the total of amounts receivable from associated companies (see definition 6 A) which are subject to current settlement (see definition 17), such as balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property and similar items; interest and dividends due from associated companies; and loans, notes and drafts for which associated companies are liable.

B. This account shall be sub-divided to reflect separately:

(1) Loans and Notes Receivable—Associated Companies.

(2) Interest and Dividends Receivable—Associated Companies.

(3) Accounts Receivable—Associated Companies.

NOTE A.—On the balance sheet, accounts receivable from associated companies shall be set off against accounts payable to the same companies.

NOTE B.—No amount representing dividends receivable shall be included in this account unless they have been declared or guaranteed.

NOTE C.—Items which are not subject to current settlement shall be included in account 1600—Investment and Advances—Associated Companies.

1120. Accounts receivable.—A. This account shall include amounts due from others (except associated companies) for material and supplies furnished and services rendered, including transportation and storage charges, use of property, other matured rents, amounts owing by public authorities, amounts of collectible judgments, current accounts with officers and employees, and other accounts and claims upon which responsibility is acknowledged by solvent concerns or individuals.

B. This account shall also include the balances due from other carriers (except associated companies), against each of which there is a net debit balance representing traffic or interline accounts; also the net balance in current accounts due from agents, drivers, and other employees and representatives charged with the collection or custody of current revenues.

C. This account shall be sub-divided to reflect separately:

(1) Accounts Receivable—Officers, Stockholders and Employees.

(2) Traffic or Interline Account Balances.

(3) Accounts Receivable—Others.

NOTE A.—Amounts advanced to officers, employees, or others as working funds, shall be included in account 1020—Working Funds.

NOTE B.—Accounts with other carriers representing traffic and interline accounts which contain net credit balances shall be included in account 2050—Accounts Payable.

1140. *Subscribers to capital stock.*—A. This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock.

B. The amount of each subscription shall be charged to this account at the time the subscription is accepted. Concurrently there shall be credited to account 2730—Capital Stock Subscribed, the par or stated value of the stock subscribed or the agreed purchase price in the case of non-par stock without a stated value. Appropriate entries shall likewise be recorded with respect to any discount or premium on par value stocks or non-par value stocks with a stated value.

NOTE.—The records supporting the entries to this account shall be kept so that the corporation can furnish the name and address of each subscriber, the amount and kind of capital stock subscribed, the date of subscription, the date that each payment is due and the date that each is paid, the nature of each payment (whether cash or other consideration), and any other information that is necessary to make the history of the subscription complete.

1160. *Interest and dividends receivable.*—This account shall include the amount of current interest accrued to the date of the balance sheet on bonds, mortgages, notes, and other commercial paper owned; on loans made; open accounts; bank deposits, etc.; and the amount of dividends receivable on stocks owned. (See instruction 10.)

NOTE A.—Interest and dividends receivable from associated companies shall be included in account 1100—Receivables from Associated Companies.

NOTE B.—Interest which is not subject to current settlement shall be included in the account in which is carried the principal on which the interest is accrued.

NOTE C.—No amount representing dividends receivable shall be included in this account unless they have been declared or guaranteed.

NOTE D.—No interest or dividends on securities or obligations issued or assumed by the carrier shall be included in this account.

1180. *Material and supplies.*—A. This account shall include the cost (less cash or other discounts when they can be determined) of all unapplied materials and supplies, including tools, repair parts, fuel, tires and tubes, etc. The cost shall include all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the carrier including loading and unloading, and at the option of the carrier, it may include a suitable proportion of purchasing and store expenses in which case corresponding credits shall be made to the appropriate account. The cost shall also include sales taxes on material purchases other than gasoline, other motor fuels and motor oil.

B. When any materials or supplies, the cost of which has been charged to this account, are issued for use, the amount at which they stand charged herein shall be credited to this account and charged to the appropriate construction, operation and maintenance expense, or other account. Such amount may be based upon the average cost of all items of a given type included in this account at the beginning of the period.

C. Materials recovered in connection with construction, maintenance, or the retirement of property shall be charged to this account as follows:

(1) Reusable materials shall be included in this account at amounts not to exceed cost, estimated if not known.

(2) Scrap and non-usable materials shall be carried at the estimated salvage value. So far as practicable, the difference between the amounts realized from sale or disposal and the amounts at which the materials are carried in this account shall be adjusted in the depreciation reserves, repair accounts, or other accounts which were credited when the materials were charged to this account.

NOTE A.—Interest charged on material bills, the payment of which is delayed, shall be charged to account 7100—Other Interest Deductions.

NOTE B.—Inventories of materials and supplies shall be taken at intervals of one year or less, and the necessary adjustment shall be made to bring this account into harmony with the actual physical

inventory. In effecting this adjustment, differences which may practically be assigned to important classes of materials shall be equitably distributed among the accounts to which such classes of materials are ordinarily chargeable. Other differences shall be equitably apportioned among the operation and maintenance accounts to which materials have been charged since the last inventory. Such differences that cannot be allocated to the operation and maintenance accounts shall be included in account 4655—Purchasing and Store Expenses.

NOTE C.—Sales taxes on gasoline, other motor fuels and motor oil and personal property taxes assessed on material and supplies, shall be included in account 5200—Operating Taxes and Licenses.

1190. *Other current assets.*—This account shall include the amount of all assets of a current nature not includible in any of the foregoing current asset accounts. (See definition 17.)

II. TANGIBLE PROPERTY

1200. *Carrier operating property.*—A. This account shall include the total of the amounts representing the cost (see instruction 19) of carrier operating property, included in accounts 1201 to 1291, inclusive, owned and used by the carrier in its motor carrier operations, and which has an expected life in service of more than one year, including such property owned by the carrier but held by nominees.

B. When property normally having a service life of more than one year is installed for temporary use in motor carrier operations, it shall be accounted for in the same manner as property installed for permanent use.

C. Records shall be kept so as to reflect separately the cost and date of acquisition of property jointly owned and property operated under a joint agreement; also the cost and date of acquisition of each structure, unit of equipment, or other major item of property (or at the option of the carrier of each body, chassis or other major part). When a major part of a unit of property, such as a body or chassis of equipment or portion of a structure has been replaced by either a new or rebuilt one, details shall appear in the supporting records showing also the cost of the property removed, the cost of the replacement, and the date of removal or replacement. If property such as a structure or unit of equipment is constructed new, or rebuilt by the carrier to increase its capacity or otherwise add to its usefulness for motor carrier service, or if parts are purchased and assembled by the carrier, the cost records for construction and assembly shall be maintained in a sufficiently complete manner to show the cost of labor, materials and other expenses incurred in such work.

D. When a structure, unit of equipment, or other property is so rebuilt or remodeled as to create an expectation of service life fairly comparable with new property, the old property shall be retired. (See instruction 21.) Charges to this account for the rebuilt or remodeled property shall be based upon the appraised value of the reused parts, or the net book cost at time of retirement of the retired unit, whichever is lower, plus the cost of rebuilding or remodeling, provided, however, that in no event shall the total amount charged exceed the cost of similar new property.

E. The cost of removing old appliances and replacing them with new appliances shall be charged to the proper account under operation and maintenance expenses.

F. The cost of additions to and betterments of property leased from others shall be recorded in account 1271—Improvements to Leasehold Property. (See instruction 22.)

1201. *Land and land rights.*—A. This account shall include the cost (see instruction 19) including the amount of mortgages or other liens assumed, of land or interest in land, having a life of more than one year, for use directly in connection with the motor carrier operations of the carrier for such purposes as general office buildings, shops, garages, stations, terminals, waiting rooms, shelters, loading platforms, warehouses, and the like. This includes the first cost of acquiring leaseholds of land, easements, and rights-of-way, but not rents payable periodically in consideration of rights so obtained.

B. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land

such interest extends to buildings or other improvements (other than public improvements), which are then devoted to carrier operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in carrier operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

C. Carriers shall keep their records so as to show separately the cost of each parcel of land or interest therein and the purpose or purposes for which used in motor carrier operations.

Items

Clearing land of brush, trees, and debris. (First cost of.)
 Condemnation proceedings, including court costs and special counsel fees.
 Consents and abutting damages, payment for.
 Conveyancers' and notaries' fees.
 Easements and rights-of-way, cost of, and expenses of acquisition.
 Fees and commissions to brokers and agents.
 Grading.
 Land, cost of.
 Leases having a life of more than one year, costs of and expenses incidental to acquiring.
 Leases, voiding, to secure possession of land.
 Relocating property of others.
 Rights-of-way, including costs of locating.
 Sidewalks on public streets abutting carrier's property.
 Special assessments on the basis of benefits for new roads, new bridges, new pavements, new sewers, and other public improvements (but not any taxes levied to provide for maintenance of such improvements).
 Surveys.
 Taxes assumed, accrued prior to date of transfer of title.
 Title, examining, registering, clearing, insuring and defending against claims relating to period prior to purchase.

NOTE A.—When land is acquired in excess of that required for motor carrier operations, or for which there is not a definite plan for its use in such service within one year, the cost of such land shall be charged to account 1400—Non-Carrier Operating Property, or to account 1450—Non-Operating Property, as appropriate. If land originally charged to either of these accounts is later used for motor carrier operations, it shall be charged to Carrier Operating Property in service at its cost when acquired. (See instruction 23.)

NOTE B.—Assessments for public improvements upon which payments are deferred shall be charged to this account in full and the unpaid balance carried in the appropriate liability account. Interest on unpaid balances shall be charged to the appropriate income deduction account.

1211. *Structures*.—A. This account shall include the cost in place (see instruction 19) of structures used in motor carrier operations. This includes buildings or constructions to house, support, or safeguard property or persons, with all appurtenant fixtures permanently attached thereto, and improvements to land, and other structures or constructions.

B. Carriers shall keep their records so as to show separately the cost of each structure included in this account and the purpose or purposes for which used in motor carrier operations.

Items

Architect's plans.
 Ash pits.
 Awnings.
 Boilers, furnaces, piping, wiring, fixtures and machinery for heating, lighting, signaling, ventilating and plumbing.
 Bridges and culverts.
 Chimneys.
 Commissions and fees to brokers, agents, architects, and others.
 Conduits (not to be removed).
 Damages to abutting property during construction.
 Door checks and door stops.
 Drainage and sewerage systems.

Elevators, cranes, hoists, etc., and the machinery for operating them.

Excavation, including shoring, bracing, bridging, refill and disposal of excess excavated material.

Fences and hedges.

Fire protection systems.

Floor covering (permanently attached).

Foundations and piers for machinery constructed as a permanent part of a building or other unit listed herein.

Grading and preparing grounds for buildings, including landscaping of grounds after construction.

Leases, voiding, to secure possession of structures.

Oil pits and drainage systems.

Outside lighting systems.

Partitions, including movable.

Painting, first.

Permits and privileges, building.

Platforms, railings and gratings, when constructed as part of structure.

Power boards for service to a building.

Refrigerating systems.

Retaining walls.

Scales, connected to and forming part of the structure.

Screens.

Sidewalks, pavements and driveways on building grounds.

Sprinkling systems.

Storage facilities constituting part of building.

Storage tanks.

Storm doors and windows.

Structures, cost of.

Subways, areaways, and tunnels, directly connected to and forming part of the structure.

Vaults, constructed as part of the building.

Water supply system for building or general company purposes.

Window shades and ventilators.

NOTE A.—The cost of specially provided foundations not expected to outlast the machinery or apparatus for which they are provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment shall be charged to the same account as the cost of the machinery or equipment.

NOTE B.—When part of a structure is removed in order to build an extension thereto, the accounting therefor shall be in accordance with instruction 21.

1221. *Revenue equipment*.—A. This account shall include the cost (see instruction 19) of all units of revenue freight equipment, and the cost of the first set of accessory equipment necessary to fit them for service, excluding tires and tubes (see account 4160—Tires and Tubes—Revenue Equipment). The term "revenue freight equipment" includes body and chassis and all fixtures and appliances inside of or attached to the body or chassis.

B. If revenue freight equipment is purchased in a condition ready for service, the cost shall include the invoice or contract price, (excluding tires and tubes) less discount, if any, plus freight, excise taxes, insurance in transit, unloading costs and other expenses incurred in obtaining delivery of these vehicles upon the premises of the carrier such as drive-away charges, and the cost of any additions or attachments made after delivery.

C. This account may also include the cost of spare engines and other major units carried on hand for the purpose of temporarily replacing such units taken into the shop for overhauling, repairing, or any other reason.

Items

Automobiles (used in freight service).

Containers and Lift Vans.

Horses and Mules.

Road Dollies.

Semi-trailers.

Tractors.

Trailers.

Trucks (freight).

Wagons.

1231. *Service cars and equipment*.—This account shall include the cost (see instruction 19) of automotive vehicles

used in connection with keeping revenue vehicles in operation, including cars and trucks used as trouble wagons for servicing revenue vehicles on the road. This account shall also include the cost of the first set of appliances or accessory equipment, including tires and tubes, necessary to fit such vehicles for service, such as cranes, hoists and other appliances, devices and tools forming the equipment of service cars.

Items

Emergency repair vehicles and appliances.
Refueling cars.
Sand and salt cars.
Snow-fighting vehicles and equipment.
Spare units for service vehicles, on hand in shop (optional).

Tow cars and appliances.

Vehicles used by officials, starters and inspectors.

1241. *Shop and garage equipment.*—A. This account shall include the cost installed (see instruction 19) of machinery and equipment used in shops and garages when such machinery and equipment is not an integral part of the housing structure, together with specially provided foundations and settings not expected to outlast the machinery mounted thereon. Records shall be kept so as to show separately the cost of each major item of equipment.

B. If the carrier has shops or garages at more than one location, the records shall be maintained to reflect the carrier's investment at each location.

Items

Air compressors and hose, gauges and tanks.
Anvils.
Arbor presses.
Battery charging outfits.
Belts, shafts and countershafts.
Boring or reaming machines.
Car washing equipment.
Cranes and hoists (portable).
Creepers.
Drill presses.
Electric equipment.
Engines and boilers.
Forges.
Gasoline and oil pumps and portable tanks.
Greasing racks and pumps.
Grinders.
Jacks.
Lathes.
Lockers.
Machine tools.
Motor driven hand tools.
Motor starters.
Oil reclaiming machines.
Paint sprayers.
Pneumatic tools.
Storage bins and shelving (movable).
Store room equipment (except office equipment).
Stoves.
Testing apparatus.
Tire changing equipment.
Tool racks.
Vises.
Vulcanizing equipment.
Weighing devices.
Welding apparatus.
Wheel pullers.
Work benches.

NOTE A.—The cost of small portable tools and implements of slight value or short life shall be charged to the appropriate expense account.

NOTE B.—The cost of cranes, hoists and other appliances, devices and tools forming the equipment of service cars and trucks shall be charged to account 1231—Service Cars and Equipment.

1251. *Furniture and office equipment.*—A. This account shall include the cost (see instruction 19) installed of furni-

ture and appliances used in general offices, garage offices, stations, terminals, warehouses, and waiting rooms, when such equipment is not an integral part of the housing structure.

B. If the carrier has equipment included in this account at more than one location, the records shall be maintained to reflect the carrier's investment at each location.

C. If the carrier operates or owns auxiliary station facilities such as restaurants and newsstands, the cost of equipment therein shall be charged to this account and carried under a special subdivision entitled "Furniture and Office Equipment—Special Facilities".

Items

Book cases.
Cash registers.
Chair, stools and benches.
Clocks.
Counters.
Desks.
Equipment in rest, dining, recreation and medical rooms.
Fans, electric.
Filing cabinets.
Fire extinguisher equipment.
Floor coverings.
Heaters and lamps (movable).
Kitchen equipment.
Lighting fixtures (movable).
Lockers.
Loud speaker systems.
News stand equipment.
Office equipment (mechanical).
Parcel room equipment.
Partitions and railings.
Restaurant equipment.
Safes (movable).
Show cases and shelves.
Tables and counters.
Teletypewriters.
Ticket cases.
Ticket machines.
Time clocks.
Time-table racks.
Typewriters.
Vacuum cleaners.
Water coolers.

NOTE.—Small articles of slight value or of short life shall be charged to the appropriate expense accounts.

1261. *Miscellaneous equipment.*—This account shall include the cost (see instruction 19) of other motor carrier equipment such as miscellaneous wheeled equipment used at warehouses, stations, terminals, and loading platforms in connection with handling traffic, including van and rigging equipment.

Items

Blocks and falls.
Canvas covers (tarpaulins).
Carts.
Chain hoists.
Dollies (platform).
Electric motor trucks.
Hamper trucks.
Platform trucks.
Rigging equipment.
Rollers.
Ropes and cables.
Scales.
Signal equipment.
Signs (electric and portable).
Skidboards.
Van equipment.
Warehouse trucks.
Weighing devices.

1271. *Improvements to leasehold property.*—A. This account shall include, except as provided in paragraph B following, the cost of initial improvements (including rear-

rangements, additions, and betterments) to property used for motor carrier operations and held under lease or through control of the carrier owning the property, and in existence at the date of the balance sheet; and the cost of any subsequent additions to and betterments of such leased or controlled property but not including replacements of other than the carrier's own improvements. Amortization and depreciation on such expenditures shall be provided for in the manner set forth in instruction 25.

B. When the cost of alterations to leased property used in motor carrier operations otherwise chargeable to this account is not in excess of \$50.00 or the period of the lease is less than one year, the cost may be charged to the accounts chargeable with the cost of repairs to such property.

1281. *Undistributed property.*—A. When a carrier purchases or sells any property constituting a distinct operating unit (see definition 24) or otherwise finds it necessary because of incomplete financial records to make a general readjustment of operating property records, temporary charges or credits to this account may be made with approval of the Commission, and the distribution of the amounts involved shall be made promptly to the appropriate accounts after authorization by the Commission.

B. Balances in accounts previously carried representing property owned as of the effective date of this system of accounts may be carried temporarily in this account. Journal entries distributing such balances to the appropriate property accounts prescribed herein shall be made and filed with the Commission not later than one year after the effective date of this system of accounts.

1291. *Unfinished construction.*—This account shall include the cost of construction projects not ready for service at the date of the balance sheet. It shall include all elements of cost as set forth in instruction 19.

NOTE.—This account is intended to include only charges for new construction not involving any replacement. If, however, at the beginning of a job involving the replacement or retirement of any operating property, the accounting carrier makes full credits therefor to the appropriate property accounts, the cost of installing new property in substitution or replacement may be carried in this account pending completion of the work. (See also account 1890—Other Deferred Debits.)

1300. *Carrier operating property leased to others.*—A. This account shall include the cost (see instruction 19) of carrier operating property owned by the carrier but leased to others as distinct operating units (see definition 24) or systems for use in motor carrier operations, where the lessee has exclusive possession.

B. This account shall be subdivided so as to reflect separately the investment in each class of property as provided for under account 1200—Carrier Operating Property.

1400. *Non-carrier operating property.*—This account shall include the book cost of land, structures and equipment owned by the carrier and used in other than motor carrier operations and not provided for in account 1200—Carrier Operating Property, and account 1300—Carrier Operating Property Leased to Others.

1450. *Non-operating property.*—This account shall include the book cost of land, structures and equipment owned by the carrier, but not used in any of its operating activities.

III. INTANGIBLE PROPERTY

1500. *Organization, franchises and permits.*—This account shall include the balance of the amounts included in accounts 1501 to 1541, inclusive.

1501. *Organization.*—This account shall include fees paid to state or other governmental authority for the privilege of incorporation, and expenditures incident to organizing the corporation, partnership, or other enterprise, and putting it into readiness to do business.

Items

Fees and expenses for incorporation.
Fees and expenses for mergers or consolidations.
Office expenses incident to organizing the company.
Stock and minute books and corporate seal.

NOTE A.—This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance or sale of stock. (See instructions 12 and 13, and accounts 1900—Discount on Capital Stock, and 1910—Commission and Expense on Capital Stock.)

NOTE B.—Exclude from this account, and include in account 4620—Law Expenses, the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off.

NOTE C.—When charges are made to this account for expenses incurred in mergers, consolidations, acquisitions or reorganizations, amounts previously included herein on the books of the retiring companies shall not be carried over. If such items represent part of the assets acquired, they shall be included in account 1500—Other Intangible Property. (See instruction 20.)

1511. *Franchises.*—A. This account shall include amounts actually paid to a state or political subdivision thereof or to other governmental authority in consideration of franchises, permits, consents, or certificates running in perpetuity or for a specified term of more than one year, together with the necessary reasonable expenses incident to procuring such franchises, consents, or certificates of approval of convenience and necessity.

B. When a franchise, permit, consent or certificate is acquired by assignment, the charge to this account shall not exceed the actual cost to the original holder thereof. Payments in excess of the cost to the original holder, together with any expenses incurred by the acquiring carrier shall be charged to account 1550—Other Intangible Property. (See instruction 20.)

C. When any franchises, permits, or consents have expired, and are not immediately renewed, are sold or otherwise disposed of, credits to this account shall be made representing the amounts at which such items (including expenses of acquisition) are carried herein, concurrent charges shall be made to account 2600—Reserve for Amortization—Carrier Operating Property, or to surplus as appropriate. Expenses incurred in connection with renewals shall be charged to the appropriate operation and maintenance expense account.

D. This account shall be sub-divided to reflect separately amounts pertaining to:

- (1) Perpetual Franchises.
- (2) Fixed-Term Franchises.

NOTE.—Regularly recurring payments made to any political subdivision for the right to operate within its boundaries shall be charged to account 5200—Operating Taxes and Licenses.

1541. *Patents.*—A. This account shall include the cost (see instruction 19) of patent rights, licenses, and privileges necessary or valuable to the economical conduct of motor carrier operations, and which have a life of more than one year from the date they become effective.

B. When any right or license included herein expires or is canceled and is not immediately renewed, is sold, or otherwise disposed of, credit to this account shall be made representing the amount at which such right or license is included herein. Concurrent charge shall be made to account 2600—Reserve for Amortization—Carrier Operating Property, or to surplus as appropriate. Expenses incurred in connection with renewals shall be charged to the appropriate operation and maintenance expense account.

1550. *Other intangible property.*—A. This account shall include any intangibles not provided for elsewhere, including any undistributed portion of the purchase cost of a transportation system or portion thereof, constituting a distinct operating unit (see definition 24) not includible in specific accounts provided for assets acquired or liabilities assumed. (See instruction 20.)

B. The carrier may amortize the balance carried in this account by credits hereto and concurrent charges to account 7500—Other Deductions, or the amount carried herein for any item may be written off to account 2946—Other Debits to Surplus.

IV. INVESTMENT SECURITIES AND ADVANCES

1600. *Investments and advances—associated companies.*—A. This account shall include the book cost (see instruction

15) of the carrier's investments in securities issued or assumed by associated companies; notes of associated companies maturing later than one year from date of issue; and the amount of advances to associated companies not subject to current settlement, including accrued interest on such advances when not subject to current settlement. Exclude from this account securities held in special funds or as temporary cash investments. (See definitions 6 and 8, account 1060—Temporary Cash Investments, and instructions 15.)

B. This account shall be subdivided to reflect separately:

- (1) Common Stocks.
- (2) Preferred Stocks.
- (3) Bonds.
- (4) Notes.
- (5) Other Investments.
- (6) Advances.

NOTE A.—Balances in open accounts with associated companies which are subject to current settlement shall be included in account 1100—Receivables from Associated Companies.

NOTE B.—Securities pledged shall be shown separately from securities unpledged.

NOTE C.—Securities borrowed by the carrier and pledged shall not be included in this account. A memorandum record shall be kept.

1650. *Other investments and advances.*—A. This account shall include the book cost (see instruction 15) of the carrier's investments in securities issued or assumed by other than associated companies; notes of other companies and persons, maturing later than one year from date of issue; the cash surrender values of insurance policies carried on the lives of officers and employees when the carrier is beneficiary of such policies; advances to other companies and individuals not subject to current settlement, including any accrued interest on such advances when not subject to current settlement.

B. This account shall be subdivided to reflect separately:

- (1) Common Stocks.
- (2) Preferred Stocks.
- (3) Bonds.
- (4) Notes.
- (5) Other Investments.
- (6) Advances.

NOTE A.—Balances in open accounts with other companies and individuals which are subject to current settlement shall be included in account 1120—Accounts Receivable.

NOTE B.—Securities pledged shall be shown separately from securities unpledged.

NOTE C.—Securities borrowed by the carrier and pledged shall not be included in this account. A memorandum record shall be kept.

V. SPECIAL FUNDS

1701. *Sinking Funds.*—A. This account shall include the amount of cash or other items when held by trustees or other fiscal agents in charge of sinking funds, or by the carrier itself when they are segregated in a distinct fund, for the purpose of redeeming outstanding obligations. (See instruction 15.)

Items

Cash.

Securities of other companies or other assets, at cost except as otherwise provided herein.

Live securities, issued or assumed by the carrier, at face value. (For conditions under which such securities may be kept alive, see instruction 14.)

Amounts deposited with trustees or other fiscal agents on account of mortgaged property sold, when held for the redemption of securities.

Securities of the carrier issued to trustees without intervening sale, at face value.

B. A separate subdivision shall be kept for each fund, the title of which shall designate the obligation in support of which the fund was created.

1751. *Depreciation funds.*—This account shall include the amount of cash and the cost (see instruction 15) of securities of other companies and other assets which have been

specifically set aside for the purpose of providing a fund for the replacement of units of depreciable property.

1781. *Miscellaneous special funds.*—This account shall include the amount of cash and the cost (see instruction 15) of securities of other companies and other assets in insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for purposes not provided for elsewhere; and the face value of securities issued or assumed by the carrier which may be held alive in such funds under instruction 14. Also include in this account deposits in lieu of mortgaged property sold and other trust deposits, pending their refund when equivalent property is acquired or pending their transfer under mortgage provisions to account 1701—Sinking Funds. A separate subdivision shall be provided for each fund.

VI. DEFERRED DEBITS

1800. *Prepayments.*—This account shall include the balances representing payment of items in advance of their accrual, the benefit of which is to be realized subsequent to the time of such payment. Entries shall be made each period transferring from this account to the appropriate account the portion of each prepayment which is applicable to that period. The account shall be kept so that there can be determined readily the amounts applicable to the following:

- (1) Taxes and Licenses.
- (2) Insurance.
- (3) Interest.
- (4) Rents.
- (5) Tires and tubes (see account 4160—Tires and Tubes—Revenue Equipment).
- (6) Miscellaneous.

NOTE.—Prepayments of minor items applicable to the current year may be charged directly to the appropriate operation and maintenance expense or other accounts.

1880. *Unamortized debt discount and expense.*—This account shall include the total of the net debit balances representing the excess of the discount and expense over the premium in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained in respect of each issue of such obligations. (See instruction 13.)

1890. *Other deferred debits.*—A. This account shall include all debit balances in suspense accounts that cannot be entirely cleared and disposed of until further information is received; also items of a deferred nature (except items chargeable to account 1800—Prepayments, on account 1880—Unamortized Debt Discount and Expense) which are subsequently to be amortized to the appropriate operation and maintenance expense or other accounts. This includes amounts on deposit with banks which have failed, pending determination of loss; amounts paid for options pending final disposition which are not recoverable; expenditures for plans and investigations made for determining the feasibility of projects under contemplation, pending further disposition; and expenditures for valuations, inventories, and appraisals made in connection with the contemplated purchase or sale of property. (See instruction 19.) If projects in connection with which such preliminary costs were incurred are abandoned, the expense shall be charged to account 2946—Other Debits to Surplus.

B. This account may also include losses in service value of property retired for causes for which provision has not been made in the depreciation reserve and losses from retirements which could not reasonably have been foreseen and provided for. (See instruction 21 and account 5120—Property Loss Chargeable to Operations.) The carrier shall make application to the Commission for permission to make such use of this account for the foregoing purpose, and in the application the carrier shall give full particulars concerning the property retired or abandoned, the reason for which it is retired or abandoned, the amounts provided in respect

thereto in the depreciation and amortization reserves, the amount chargeable to this account, and the period over which, in its judgment, such amount should be distributed.

C. This account shall also include other debit items which are subject to amortization by order of the Commission.

D. This account shall also include the balances in clearing accounts maintained to carry temporarily the cost of operating and maintaining such facilities as office buildings, storehouses, etc.; and such overhead costs as it is desirable to apportion to the construction, operating, and other accounts involved. (See instruction 16.)

VII. MISCELLANEOUS DEBIT ITEMS

1900. *Discount on capital stock.*—This account shall include the discounts suffered in the sale of capital stock. (See instructions 12 and 14.)

1910. *Commission and expense on capital stock.*—This account shall include all expenses incurred in connection with the issuance and sale of capital stock. (See instructions 12 and 14.)

Items

Fees and expenses in obtaining permission from regulatory bodies for the issuance of stock and in filing papers of notification thereunder.

Fees paid to promoters.

Listing stock on exchanges.

Preparation and distribution of prospectuses.

Preparation and issuance of certificates of stock.

Soliciting subscriptions for stock, including fees, commissions, advertising and printing.

Taxes paid on stock issues.

1920. *Reacquired securities.*—This account shall include in subdivisions for each class, the face, par, or stated value of capital stock, bonds, and other forms of securities which have been actually issued or assumed by the carrier, and reacquired and are neither retired nor properly includible in sinking or other funds.

NOTE A.—The accounting for the reacquisition of securities and resales thereof shall be in accordance with instruction 14.

NOTE B.—This account shall be maintained so as to reflect separately securities pledged and unpledged.

NOTE C.—In reports to the Commission the balance in this account shall be deducted from the securities accounts on the liability side, thereby extending into the money column the amounts to reflect the actually outstanding securities.

1990. *Nominally issued securities.*—A. This account shall include in subdivisions for each class, the face value of capital stock, bonds, and other forms of securities which have been nominally but not actually issued by the carrier. (See definitions 2 and 30.)

B. When stock without par value is nominally issued, a memorandum entry shall be made to this account showing the number of shares thus issued.

NOTE A.—This account shall be maintained so as to reflect separately securities pledged and unpledged.

NOTE B.—In reports to the Commission, the balance in this account shall be deducted from the securities accounts on the liability side, thereby extending into the money column the amounts to reflect the actually outstanding securities.

LIABILITY SIDE

VIII. CURRENT LIABILITIES

2000. *Notes payable.*—A. This account shall include the face value of outstanding obligations in the form of notes, drafts, acceptances, and other similar evidences of indebtedness which by their terms do not run for a period in excess of one year, including the face value of notes receivable discounted or sold without releasing the carrier from liability as endorser thereon.

B. Subdivisions shall be maintained to show separately obligations maturing upon demand from obligations bearing a specified date of maturity.

NOTE A.—Notes payable to associated companies shall be included in account 2030—Payables to Associated Companies.

NOTE B.—Unmatured equipment obligations irrespective of maturity shall be included in account 2300—Equipment Obligations.

2020. *Matured equipment and long-term obligations.*—This account shall include the amount (including obligations for premiums) of equipment obligations, long-term obligations and receivers' certificates matured and unpaid without any specific agreement for extension of maturity, including un-presented bonds called for redemption.

2030. *Payables to associated companies.*—A. This account shall include the total of amounts payable to associated companies (see definition 6) which are subject to current settlement (see definition 17), such as credit balances in open accounts for services rendered, material furnished, traffic or interline accounts, claims, rent for use of property and similar items; interest and dividends due to associated companies; and loans, notes and drafts which are payable to associated companies.

B. This account shall be sub-divided to reflect separately:

(1) Loans and Notes Payable—Associated Companies.

(2) Interest and Dividends Payable—Associated Companies.

(3) Accounts Payable—Associated Companies.

NOTE A.—On the balance sheet accounts payable to associated companies shall be set off against accounts receivable from the same companies.

NOTE B.—No amount representing dividends payable shall be included in this account unless they have been declared or guaranteed.

NOTE C.—Items which are not subject to current settlement shall be included in account 2200—Advances Payable—Associated Companies.

2050. *Accounts payable.*—A. This account shall include amounts payable to others (except associated companies) for materials and supplies and services received, including use of property, other matured rents, amounts due to public authorities, amounts of payable judgments, current accounts with officers and employees, personal injury and property damage claims, and other similar items.

B. This account shall also include the balances due to other carriers (except associated companies) in favor of each of which there is a net credit balance representing traffic or interline accounts.

C. This account shall be sub-divided to reflect separately:

(1) Accounts Payable—Officers, Stockholders and Employees.

(2) Traffic or Interline Account Balances.

(3) Accounts Payable—Others.

NOTE.—Accounts with other carriers representing traffic or interline accounts which contain net debit balances shall be included in account 1120—Accounts Receivable.

2070. *Wages payable.*—This account shall include the amount of wages payable or accrued pay rolls at the date of the balance sheet. Unclaimed wages should be transferred to account 2190—Other Current Liabilities.

2090. *C. O. D.'s unremitted.*—This account shall be credited with amounts of C. O. D.'s collected from consignees for shippers on freight delivered.

This account shall be charged when remittances of amounts of C. O. D.'s are made to shippers.

NOTE.—Fees for handling C. O. D.'s shall be credited to the same account to which the transportation revenue is credited.

2100. *Dividends declared.*—This account shall include the amount of dividends declared but not paid on any issue of capital stock of the carrier. Dividends shall be credited to this account as of the day upon which they became a liability of the carrier.

NOTE.—Dividends declared and payable to associated companies shall be included in account 2030—Payable to Associated Companies.

2120. *Taxes accrued.*—A. This account shall be credited each period with the amount of taxes accrued during the period, with concurrent debits to the appropriate accounts for tax charges. As credits to this account will necessarily be based upon estimates, they shall be adjusted from time to time during the year so that the tax charge accounts may

show as nearly as possible the taxes applicable to the year. Payments of taxes for which accruals have been made shall be debited to this account. Amounts representing prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be included in account 1800—Prepayments.

B. The records supporting the entries to this account shall be kept so that the carrier can furnish information as to the amount and basis for each tax accrual, the kinds of taxes paid, the amount of each and the accounts charged with the tax accruals.

2150. *Interest accrued*.—A. This account shall include the amount of interest accrued to the date of the balance sheet, but not payable until after that date, on all indebtedness of the carrier except interest which is added to the principal.

B. When interest matures without being paid, it shall be charged to this account and credited to account 2030—Payables to Associated Companies, or account 2160—Matured Interest, as appropriate. Payments to trustees or other agents of the holders of bonds or other securities, of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the carrier from further liability for such interest, shall be accounted for in the same manner as payments of interest made directly to bondholders.

NOTE.—Interest accrued upon any judgment against the carrier shall be credited to the account to which such judgment stands credited.

2160. *Matured interest*.—This account shall include the amount of matured and unpaid interest on obligations of the accounting carrier whether the cause of the failure to pay the interest is on the part of the creditor or for other reasons, except where such interest is added to the principal of the obligation.

NOTE.—Interest payable to associated companies shall be included in account 2030—Payables to Associated Companies.

2190. *Other current liabilities*.—This account shall include all current and accrued liabilities not includible in any of the foregoing accounts. This includes unmatured rents accrued, and unclaimed wages.

IX. ADVANCES PAYABLE

2200. *Advances payable—Associated companies*.—A. This account shall include the amount of advances from associated companies, whether evidenced by notes or open accounts which are not subject to current settlement, including interest accrued thereon, when such interest is not subject to current settlement.

B. This account shall be subdivided so as to show for each creditor:

- (1) Notes Payable.
- (2) Open accounts not subject to current settlement.
- (3) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE.—Amounts of temporary advances which are subject to current settlement such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be included in account 2030—Payables to Associated Companies.

2250. *Other advances payable*.—A. This account shall include the amount of advances from individuals and companies other than associated companies, whether evidenced by notes or open accounts, which are not subject to current settlement, including interest accrued thereon when such interest is not subject to current settlement.

B. This account shall be subdivided so as to show for each creditor:

- (1) Notes Payable.
- (2) Open accounts not subject to current settlement.
- (3) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE.—Amounts of temporary advances which are subject to current settlement such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be included in account 2050—Accounts Payable.

X. EQUIPMENT AND OTHER LONG-TERM OBLIGATIONS

2300. *Equipment obligations*.—A. This account shall include the face value of unmatured equipment obligations, issued by the carrier and not retired and canceled. This includes equipment bonds, equipment notes, chattel mortgages, and other obligations for which equipment is pledged as security or is held under a conditional sales agreement; also the face value of equipment obligations issued by others, the payment of which has been assumed by the carrier; and of equipment obligations so issued or assumed, the maturity of which has been extended by specific agreement.

B. This account shall be kept so as to show the face value of equipment obligations (1) nominally issued, and (2) actually outstanding. (See definitions 3 and 31.)

C. A separate subdivision shall be maintained for each class of equipment obligation and no issues shall be considered to be of the same class unless identical as to liability and nature of property covered.

NOTE A.—Equipment obligations matured and unpaid without specific agreement for extension as to time of payment, including unrepresented equipment obligations called for redemption shall be included in account 2020—Matured Equipment and Long-Term Obligations.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

2330. *Bonds*.—A. This account shall include the face value of the unmatured bonds which have not been retired or canceled (except equipment bonds—see account 2300—Equipment Obligations); also the face value of such bonds issued by others, the payment of which has been assumed by the carrier.

B. This account shall be kept so as to show the face value of bonds (1) nominally issued, and (2) actually outstanding. (See definitions 3 and 31.)

C. A separate subdivision shall be maintained for each class and series of bonds, and no issue shall be considered to be of the same class unless identical as to liability and nature of property covered.

NOTE A.—Bonds matured and unpaid without specific agreement for extension as to time of payment, including unrepresented bonds called for redemption, shall be included in account 2020—Matured Equipment and Long-Term Obligations.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

2360. *Other long-term obligations*.—A. This account shall include all long-term obligations not otherwise provided for. This covers such items, executed or assumed, as real estate mortgages; assessments for public improvements; receipts outstanding for long-term obligations; and other obligations maturing more than one year from date of issue.

B. This account shall also include the face value of certificates of indebtedness issued upon the property by receivers in possession of the property acting under the orders of a court.

NOTE A.—Separate subdivisions shall be maintained for each class of obligation included herein, and records shall be maintained to show separately for each issue all details as to date of issue, date of maturity, interest dates and rates, security for obligations, etc.

NOTE B.—On the balance sheet, obligations maturing within one year shall be shown separately from those maturing later than one year from the date of the balance sheet.

NOTE C.—Matured obligations which are unpaid shall be included in account 2020—Matured Equipment and Long-Term Obligations.

XI. DEFERRED CREDITS

2400. *Unamortized premium on debt*.—This account shall include the total of all credit balances representing the excess of the premium over the discount and expense in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained in respect of each issue of obligations. (See instruction 13.)

2450. *Other deferred credits*.—This account shall include the credit balances in suspense accounts that can not be entirely cleared and disposed of until additional informa-

tion is received, and other items of a deferred nature. (See instruction 16.)

XII. RESERVES

2500. *Reserve for depreciation—Carrier operating property.*—A. This account shall be credited with the following:

(1) Amounts charged to account 5000—Depreciation Expense, account 5500—Income from Lease of Carrier's Property—Credit, or other accounts for currently accruing depreciation (see definition 22) of carrier operating property as provided in instruction 25.

(2) Amounts which the carrier may charge to account 2946—Other Debits to Surplus, or transfer to this account for depreciation accrued but not provided for prior to the effective date of this system of accounts.

(3) The amount of depreciation accrued to date of transfer applicable to carrier operating property acquired as distinct operating units when the carrier elects to set up the book cost of such property as provided in instruction 20.

(4) The amount of depreciation accrued to date of transfer, applicable to property transferred from accounts 1400—Non-Carrier Operating Property, or 1450—Non-Operating Property, to accounts 1200—Carrier Operating Property, or 1300—Carrier Operating Property Leased to Others. (See instruction 23.)

B. Charges to this account in connection with carrier operating property retired shall be made in accordance with instruction 21. This account shall also be charged with the amount of depreciation accrued to date of transfer applicable to property transferred from accounts 1200—Carrier Operating Property, or 1300—Carrier Operating Property Leased to Others, to accounts 1400 or 1450.

C. This account shall be sub-divided to reflect the balance applicable to each class of property as follows:

- 2511. Structures.
- 2521. Revenue Equipment.
- 2531. Service Cars and Equipment.
- 2541. Shop and Garage Equipment.
- 2551. Furniture and Office Equipment.
- 2561. Miscellaneous Equipment.
- 2571. Improvements to Leasehold Property.
- 2581. Undistributed Property.
- 2591. Carrier Operating Property Leased to Others.

2600. *Reserve for amortization—Carrier operating property.*—A. This account shall be credited with amounts charged to account 5110—Amortization of Carrier Operating Property, or other appropriate account, for the amortization of leaseholds, franchises, consents, privileges, patents, and other intangible property having a fixed term life, and for losses expected to be incurred through the reversion of improvements on leased property prior to the expiration of their service lives. (See instruction 25.)

B. When any leasehold, franchise, permit, consent, privilege or patent expires, is sold or relinquished, or is otherwise retired from service, this account shall be charged with the amount previously credited hereto in respect of such property. The difference between the proceeds realized and the net book cost (see definition 29 and instruction 25) of the property retired shall be included in account 5110—Amortization of Carrier Operating Property.

C. Records shall be maintained so as to show separately the balances applicable to each item of intangible property which is being amortized.

D. This account shall be credited with such amounts as are necessary to reflect, as of the effective date of this system of accounts, the expired portion of the life of franchises, permits, consents, patent rights, leaseholds, easements, rights of way, other interest in land, or other intangible property which has a fixed term life, the cost of which is included in operating property accounts 1200 and 1300 and intangible property accounts 1500 and 1550. To the extent that provision has not previously been made the

amounts credited to this reserve shall be concurrently debited to account 2946—Other Debits to Surplus.

2610. *Reserve for depreciation and amortization—Other property.*—This account shall include amounts provided for depreciation and amortization of properties carried in accounts 1400—Non-Carrier Operating Property, and 1450—Non-Operating Property.

2650. *Reserve for uncollectible accounts.*—This account shall be credited each period with amounts reserved for receivables which may become uncollectible.

NOTE A.—Charges applicable to receivables for carrier operating revenues shall be included in account 4680—Uncollectible Revenues.

NOTE B.—Charges applicable to other than carrier operating revenues shall be included in account 7500—Other Deductions.

NOTE C.—Charges for items not applicable to motor carrier operations shall be included in accounts 6000—Net Income from Non-Carrier Operations, or 6100—Net Income from Non-Operating Property, as appropriate.

2660. *Insurance Reserves.*—A. This account shall be credited with amounts charged to account 4570—Fire and Theft Insurance, account 4580—Other Insurance, or other appropriate accounts to provide a reserve for losses through collision, accident, fire, flood, or other hazards to the carrier's own property or to property leased from others, which are not covered by outside insurance. (See instruction 27.) A schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. The cost to the carrier of repairing damaged property owned or leased from others and of replacing damaged or destroyed property leased from others, shall first be charged to the account appropriate for the cost of repairs or replacement. When the risk is specifically provided for in the schedule applicable to this account, the cost of repairs or restoration of the property damaged shall be charged to this account and credited to the account previously charged. Such charges shall not exceed the amount of the risk provided for in the schedule. When carrier operating property is destroyed or so badly damaged as to require retirement, the amount provided therefor in the schedule of risks applicable to this account shall be charged hereto and credited to account 2500—Reserve for Depreciation—Carrier Operating Property.

2680. *Injuries, loss and damage reserves.*—A. This account shall be credited with amounts charged to accounts 4530—Injuries and Damages, 4546—Workmen's Compensation—Self Insurer, 4560—Cargo Loss and Damage, or other appropriate accounts to provide a reserve against claims for deaths of or injuries to employees and others; for damages to property not owned or held under lease by the carrier; and for loss, destruction, damage, or delays to property entrusted to the carrier for transportation or storage, which are not covered by outside insurance. (See instruction 27.) A schedule of risks covered by this reserve shall be maintained in sufficient detail to indicate the character of the risks covered and the rates used.

B. This account shall be charged with claims payable for injuries and damages when the risk is specifically provided for in the schedule applicable to this account.

C. When liability for any injury or damage is admitted by the carrier either voluntarily or because of the decision of a court or other lawful authority such as a workmen's compensation board, industrial commission, etc., the amount shall be charged to this account. The amount of such a liability shall be credited to account 2030—Payables to Associated Companies, account 2050—Accounts Payable, or account 2450—Other Deferred Credits, as appropriate, until paid or liquidated.

D. This account shall be subdivided to reflect:

- (1) Reserve for Personal Injuries and Property Damage.
- (2) Reserve for Cargo Loss and Damage.

NOTE.—The accounting for repairs and replacements of property owned, or leased from others, shall be as provided in paragraph B of account 2660—Insurance Reserves.

2690. *Other reserves.*—A. This account shall include amounts reserved by the carrier for purposes which are not provided for in any of the preceding reserves. There shall be reported hereunder such accounts as sinking fund reserves, contingency reserves and other reserves created by charges to income or surplus.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and the amounts of the debits and credits thereto.

XIII. CAPITAL STOCK

2700. *Preferred capital stock.*—

2710. *Common capital stock.*—A. These accounts shall include the par value of stocks with par value; the stated value of non-par stocks having a stated value; and the cash value of the consideration received, including assessments, for non-par stocks without stated value, which have been nominally or actually issued.

B. Separate accounts shall be provided for each class of stock, and the title of each account shall clearly identify the class of stock covered. Issues of stock shall not be considered as of the same class unless identical in all provisions, nor shall there be carried any undivided item in respect of more than one class of stock.

C. When stock is issued for cash, that fact shall be stated; if for any consideration other than cash, the person to whom it is issued shall be designated and the consideration for which it is issued shall be described with sufficient particularity to identify it. If such issuance is to the treasurer or other agent of the corporation for purpose of sale, that fact and the name of such agent shall be shown; and such agent shall show like details concerning the consideration realized therefor in his account of the disposition thereof, which when accepted by the corporation, shall be preserved as a corporate record.

D. When capital stock is retired and canceled, these accounts shall be charged with the amount at which such stock is carried in these accounts.

NOTE A.—For each class of stock the records shall show the number of shares nominally issued, actually outstanding, and nominally outstanding (see definitions 3 and 31). When non-par stock (without stated value) is nominally issued a memorandum entry shall be made showing only the number of shares so issued.

NOTE B.—When non-par stock is issued in exchange for par stock, or non-par stock with stated value, amounts included in account 2720—Premiums and Assessments on Capital Stock, for the retired stock, shall be treated as part of the consideration received for non-par stock.

NOTE C.—No entries recording changes in the par value of stocks with par value; the stated value of non-par stocks having a stated value; or the recorded value of non-par stocks without stated value shall be made in any account for capital stock without approval of the Commission.

2720. *Premiums and assessments on capital stock.*—A. This account shall include the excess of the actual cash value (at the time of sale of the stock) of the consideration received over the par or stated value of the stock issued, plus accrued dividends, if any; and subsequent assessments against stockholders representing payments required in excess of par or stated value.

B. A separate subdivision shall be maintained for premiums on each class and series of stock.

C. When capital stock is retired and canceled, the amount in this account with respect to the shares retired and canceled shall be debited hereto in accordance with instruction 14.

2730. *Capital stock subscribed.*—This account shall include the amount of legally enforceable subscriptions to capital stock of the carrier. It shall be credited with the par or stated value, or with the subscription price in the case of stock without par or stated value, exclusive of accrued dividends, if any. Concurrently a debit shall be made to account 1140—Subscribers to Capital Stock, for the agreed purchase price and any discount or premium debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the stocks subscribed, this account shall be debited and the appropriate capital stock account credited with the par or stated value (or the consideration received in the case of non-par stock without a stated value) of the stock.

XIV. NON-CORPORATE CAPITAL

2800. *Sole proprietorship capital.*—This account shall include the investment in an unincorporated carrier by the proprietor thereof and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year as developed in the income account shall be transferred to this account. There shall also be entered in this account such items as in corporate organizations are handled through earned surplus accounts 2930 to 2946. (See optional accounting procedure provided in note B, hereunder.)

NOTE A.—Amounts payable to the proprietor as fair and reasonable compensation for services performed, shall be charged to the appropriate operation and maintenance expense or other accounts.

NOTE B.—This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawals of portions thereof not representing net income. When this option is taken the surplus accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

2810. *Partnership capital.*—This account shall be credited, where the business is conducted by an unincorporated firm, co-partnership or under any style other than that of an incorporated company or sole proprietorship, with the respective amounts paid into the business by the partners therein, and shall be charged with all withdrawals from the business by each partner. At the end of each calendar year the net income for the year as developed in the income account shall be transferred to this account. There shall also be entered in this account such items as in corporate organizations are handled through earned surplus accounts 2930 to 2946. (See optional accounting procedure provided in note C hereunder.)

NOTE A.—Amounts payable to the partners as fair and reasonable compensation for services performed, shall be charged to the appropriate operation and maintenance expense or other accounts.

NOTE B.—Separate accounts shall be kept to show the net equity of each member of the co-partnership and the transactions affecting the interest of each such partner. The total of the balances in such accounts shall be shown as one amount in the balance sheet.

NOTE C.—This account may be restricted to the amount considered by the members of the co-partnership to be their permanent investment in the business, subject to change only by additional investments by the co-partners or the withdrawals of portions thereof not representing net income. When this option is taken the surplus accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

XV. UNAPPROPRIATED SURPLUS

2900. *Unearned surplus.*—A. This account shall include all surplus not classified herein as earned surplus. It shall include such items as surplus arising from the donations by stockholders of the carrier's capital stock; surplus recorded at reorganization or in connection with recapitalization; net credits resulting from reacquisition or resales of carrier's capital stock (see instruction 14); amortization of discount and expense on capital stock (see instruction 12); and from a reduction of the par or stated value of the carrier's capital stock were allowed by statute.

B. No entry shall be made in this account to create capital surplus arising out of the revaluation of carrier operating property except upon written order of the Commission.

C. This account shall be subdivided into accounts to show each source of unearned surplus.

2930. *Earned surplus.*—A. This account shall include the balance of the amounts included in accounts 2931 to 2946, inclusive, either debit or credit, of unappropriated surplus arising from earnings. It shall not include surplus properly includible under accounts 2800—Sole Proprietorship Capital, 2810—Partnership Capital, or 2900—Unearned Surplus.

B. The balances of all earned surplus accounts (2931 to 2946, inclusive) shall be closed to this account at the end of each calendar year.

Earned Surplus Accounts

1. Credits

2930. Earned Surplus (or Deficit) at Beginning of Period.
2931. Surplus Credits Applicable to Prior Years.
2932. Credit Balance Transferred from Income Account.
2933. Other Credits to Surplus.
Total Credits.

II. Debits

2941. Surplus Debits Applicable to Prior Years.
 2942. Debit Balance Transferred from Income Account.
 2943. Dividend Appropriations.
 2944. Appropriations to Reserves.
 2945. Other Appropriations.
 2946. Other Debits to Surplus.
 Total Debits.
 2930. Earned Surplus (or Deficit) at End of Period.

I. CREDITS

2931. *Surplus credits applicable to prior years.*—This account shall include major items which are directly applicable to prior years' operations and which, if credited to the income, operating revenue, or operating expense accounts of the current year would seriously distort those accounts. (See instruction 7.)

2932. *Credit balance transferred from income account.*—This account shall include the net credit balance brought forward from the income account for the current calendar year.

2933. *Other credits to surplus.*—This account shall include all credits affecting the carrier's surplus or deficit and not elsewhere provided for, such as:

- (1) Cancellation of balance sheet accounts representing unclaimed wages or other liabilities written off because of inability to locate the creditor.
- (2) Profit derived from the sale of investments or property, not provided for elsewhere.
- (3) Credits resulting from difference between the cost of debt obligations reacquired and the amount chargeable to account 1920—Reacquired Securities.
- (4) Credits not provided for elsewhere.

II. DEBITS

2941. *Surplus debits applicable to prior years.*—This account shall include major items which are directly applicable to prior years' operations, and which, if charged to the income, operating revenue, or operating expense accounts of the current year, would seriously distort those accounts. (See instruction 7.)

2942. *Debit balance transferred from income account.*—This account shall include the net debit balance brought forward from the income account for the current calendar year.

2943. *Dividend appropriations.*—A. This account shall include amounts declared as dividends on capital stock actually outstanding.

B. This account shall be subdivided to show separately the dividends on each class of stock. If a dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

NOTE.—Dividend charges shall be restricted to actually outstanding stock and this account shall not include charges for dividends on capital stock issued by the carrier and owned by it.

2944. *Appropriations to reserves.*—This account shall include appropriations from surplus for sinking fund and other reserves and allotments of surplus, or transfers of definite amounts from surplus into sinking fund and other reserves under the terms of mortgages, deeds of trust, or under contracts, and such other appropriations of surplus to be set aside in special reserve accounts as the accounting carrier may make.

2945. *Other appropriations.*—This account shall include appropriations of surplus not includible elsewhere.

2946. *Other debits to surplus.*—This account shall include all debits affecting the carrier's surplus or deficit not elsewhere provided for, such as:

- (1) Losses resulting from the sale of investments or property, including any provision made for declines in values of investments, not provided for elsewhere. (See instruction 15.)
- (2) Net debits resulting from the difference between the cost of capital stock reacquired and the amount chargeable to account 1920—Reacquired Securities. (See instructions 12 and 14.)

(3) Debits resulting from difference between the cost of debt obligations reacquired and the amount chargeable to account 1920—Reacquired Securities. (See instructions 13 and 14.)

(4) Adjustment and cancellation of balance sheet accounts representing assets other than uncollectible revenues and other receivables for services rendered and materials and supplies furnished.

(5) Debits not provided for elsewhere.

Form of Balance Sheet Statement (See Instructions 17 and 18)

ASSET SIDE

Current Assets:	
1000. Cash	\$-----
1020. Working Funds	-----
1040. Special Deposits	-----
1060. Temporary Cash Investments	-----
(a) Pledged	\$----- XXX
(b) Unpledged	----- XXX
1080. Notes Receivable	\$-----
1100. Receivables from Associated Companies	-----
1120. Accounts Receivable	-----
Less: Reserve for Uncollectible Accounts	-----
1140. Subscribers to Capital Stock	-----
1160. Interest and Dividends Receivable	-----
1180. Material and Supplies	-----
1190. Other Current Assets	-----
Total Current Assets	-----
Tangible Property:	
1200. Carrier Operating Property	-----
Less: Reserve for Depreciation and Amortization	-----
1300. Carrier Operating Property Leased to Others	-----
Less: Reserve for Depreciation and Amortization	-----
1400. Non-Carrier Operating Property	-----
Less: Reserve for Depreciation and Amortization	-----
1450. Non-Operating Property	-----
Less: Reserve for Depreciation and Amortization	-----
Total Tangible Property	-----
Intangible Property:	
1500. Organization, Franchises and Permits	-----
Less: Reserve for Amortization	-----
1550. Other Intangible Property	-----
Less: Reserve for Amortization	-----
Total Intangible Property	-----
Investment Securities and Advances:	
1600. Investments and Advances—Associated Companies	-----
(a) Pledged	----- XXX
(b) Unpledged	----- XXX
16050. Other Investments and Advances	-----
(a) Pledged	----- XXX
(b) Unpledged	----- XXX
Total Investment Securities and Advances	-----
Special Funds:	
1701. Sinking Funds	-----
Less: Reserve	-----
1751. Depreciation Funds	-----
1781. Miscellaneous Special Funds	-----
Less: Reserve	-----
Total Special Funds	-----
Deferred Debits:	
1800. Prepayments	-----
1880. Unamortized Debt Discount and Expenses	-----
1890. Other Deferred Debits	-----
Total Deferred Debits	-----
Miscellaneous Debit Items:	
1900. Discount on Capital Stock	-----
1910. Commission and Expense on Capital Stock	-----

Form of Balance Sheet Statement (See Instructions 17 and 18)—Continued

ASSET SIDE—Continued	
Miscellaneous Debit Items—Continued.	
1920. Reacquired securities.....	XXX
(a) Pledged.....	XXX
(b) Unpledged.....	XXX
1990. Nominally Issued Securities.....	XXX
(a) Pledged.....	XXX
(b) Unpledged.....	XXX
Total Miscellaneous Debits.....	
Total Assets.....	
Contingent Assets (not included above): \$.....	
LIABILITY SIDE	
Current Liabilities:	
2000. Notes Payable.....	\$.....
2020. Matured Equipment and Long-Term Obligations.....	
2030. Payables to Associated Companies.....	
2050. Accounts Payable.....	
2070. Wages Payable.....	
2090. C. O. D.'s Unremitted.....	
2100. Dividends Declared.....	
2120. Taxes Accrued.....	
2150. Interest Accrued.....	
2160. Matured Interest.....	
2190. Other Current Liabilities.....	
Total Current Liabilities.....	
Advances Payable:	
2200. Advances Payable—Associated Companies.....	
2250. Other Advances Payable.....	
Total Advances Payable.....	
Equipment and Other Long-Term Obligations:	
2300. Equipment Obligations.....	\$.....
Less: Reacquired and Nominally Issued.....	
(a) Due within one year.....	XXX
(b) Not due within one year.....	XXX
2330. Bonds.....	
Less: Reacquired and Nominally Issued.....	
(a) Due within one year.....	XXX
(b) Not due within one year.....	XXX
2360. Other Long-Term Obligations.....	
Less: Reacquired and Nominally Issued.....	
(a) Due within one year.....	XXX
(b) Not due within one year.....	XXX
Total Equipment and Other Long-Term Obligations.....	
Deferred Credits:	
2400. Unamortized Premium on Debt.....	
2450. Other Deferred Credits.....	
Total Deferred Credits.....	
Reserves:	
2660. Insurance Reserves.....	
2680. Injuries, Loss and Damage Reserves.....	
2690. Other Reserves.....	
Total Reserves.....	
Capital Stock:	
2700. Preferred Capital Stock.....	
Less: Reacquired and Nominally Issued.....	
2710. Common Capital Stock.....	
Less: Reacquired and Nominally Issued.....	
2720. Premiums and Assessments on Capital Stock.....	
2730. Capital Stock Subscribed.....	
Total Capital Stock.....	
Non-Corporate Capital:	
2800. Sole Proprietorship Capital.....	
2810. Partnership Capital.....	
Total Non-Corporate Capital.....	
Unappropriated Surplus:	
2900. Unearned Surplus.....	
2930. Earned Surplus (Deficit in red).....	
Total Unappropriated Surplus.....	
Total Liabilities.....	
Contingent Liabilities (not included above).....	

Income Accounts

3000. Operating Revenues.....
4000. Operation and Maintenance Expenses.....
5000. Depreciation Expense.....
5100. Amortization Chargeable to Operations.....
5110. Amortization of Carrier Operating Property.....
5120. Property Loss Chargeable to Operations.....
5200. Operating Taxes and Licenses.....
5300. Operating Rents—Net.....
5310. Equipment Rents—Debit.....
5320. Other Operating Rents—Debit.....
5340. Joint Facility Rents—Debit.....
5350. Equipment Rents—Credit.....
5360. Rent from Owned Land and Structures.....
5370. Sub-lease Rental Income.....
5390. Joint Facility Rents—Credit.....
5400. Rent for Lease of Carrier Property—Debit.....
5500. Income from Lease of Carrier Property—Credit.....
6000. Net Income from Non-Carrier Operations.....
6100. Net Income from Non-Operating Property.....
6200. Interest Income.....
6300. Dividend Income.....
6400. Income from Sinking and Other Funds.....
6500. Other Non-Operating Income.....
7000. Interest on Long-Term Obligations.....
7100. Other Interest Deductions.....
7200. Taxes Assumed on Interest.....
7300. Amortization of Debt Discount and Expense.....
7400. Amortization of Premium on Debt—Credit.....
7500. Other Deductions.....
8000. Provisions for Income Taxes.....
8010. Federal Income Tax.....
8020. Federal Excess Profits Tax.....
8030. Federal Surtax on Undistributed Profits.....
8040. Other Federal Income Taxes.....
8050. State Income Taxes.....
8060. Other Income Taxes.....

OPERATING REVENUES

3000. *Operating revenues.*—This account shall include the total operating revenues, as provided in the primary operating revenue accounts, derived by the carrier from its motor carrier operations during the period covered by the income account.

Operating Revenue Accounts

3100. Freight Revenue—Common Carrier.....
3110. Freight Revenue—Contract Carrier.....
3700. Miscellaneous Terminal Revenue.....
3900. Other Operating Revenue.....

3100. *Freight revenue—Common carrier.*—A. This account shall include revenue earned by the carrier from the transportation of freight, when operating as a common carrier as defined in Section 203 (a) (14) of the Motor Carrier Act, 1935. This includes:

- (1) Revenues upon the basis of local freight tariff rates.
- (2) Carrier's proportion of revenue from joint-tariff rates.
- (3) Fees for handling C. O. D.'s.

B. This account shall be charged with:

- (1) The carrier's proportion of overcharges resulting from use of erroneous rates, weights, classifications or computations.
- (2) Uncollected earnings on freight destroyed in transit and on short and lost freight.
- (3) The carrier's proportion of uncollected tariff charges on damaged shipments for which charges neither shipper nor consignee is liable.

NOTE A.—When a common carrier employs vehicles and services of others on a commission or other basis for hauling loads, and the expenses incurred in their operation are borne, and disbursed by the owners, the common carrier shall record in this account the freight revenue from such hauls in the same manner as if the vehicles were owned by the common carrier. Amounts paid by the common carrier to the owners of the vehicles, as compensation for the hauls, shall be charged to account 4250—Purchased Transportation.

NOTE B.—Divisions of tariff rates due other carriers shall be included in the appropriate accounts payable account.

3110. *Freight revenue—Contract carrier.*—A. This account shall include all revenue earned by the carrier from the transportation of freight when operating as a contract carrier as defined in section 203 (a) (15) of the Motor Carrier Act, 1935.

B. This account shall be subdivided to reflect separately the carriers' revenue from:

- (1) "Motor Carriers" as defined in the Motor Carrier Act, 1935.
- (2) Other Transportation Agencies.
- (3) Other.

3700. *Miscellaneous terminal revenue.*—This account shall include revenue earned by the carrier from:

- (1) Weighing, vending, and other automatic machines located at terminals.
- (2) Advertising at terminals.
- (3) The privilege of operating news stands, lunch rooms, etc., at terminals.
- (4) Telephone companies for the privilege of installing and operating commercial telephones and coin box telephones at terminals.
- (5) The storage of freight.
- (6) Other miscellaneous operations at terminals and not includible elsewhere.

3900. *Other operating revenue.*—This account shall include revenues not provided for in accounts 3100 to 3700, inclusive, derived from the operation of property, the investment in which is included in account 1200—Carrier Operating Property, including amounts received from snowplow work, revenue from display of advertising on revenue automotive equipment, demurrage, and guaranteed route revenue.

Operation and Maintenance Expenses

4000. *Operation and maintenance expenses.*—This account shall include the total of operation and maintenance expenses, as provided in the primary accounts, incurred by the carrier in its motor carrier operations during the period covered by the income account.

Operation and Maintenance Expense Accounts

- 4100. Equipment Maintenance and Garage Expense.
 - 4110. Supervision of Shop and Garage.
 - 4121. Repairs to Shop and Garage Equipment.
 - 4122. Operation and Maintenance of Service Equipment.
 - 4128. Repairs to Shop and Garage Buildings and Grounds.
 - 4131. Light, Heat, Power and Water for Shops and Garages.
 - 4132. Other Shop and Garage Expenses.
 - 4140. Repairs to Revenue Equipment.
 - 4150. Servicing of Revenue Equipment.
 - 4160. Tires and Tubes—Revenue Equipment.
 - 4191. Joint Garage Expense—Debit.
 - 4196. Joint Garage Expense—Credit.
- 4200. Transportation Expense.
 - 4210. Supervision of Transportation.
 - 4220. Drivers' and Helpers' Wages and Bonuses.
 - 4230. Fuel for Revenue Equipment.
 - 4240. Oil for Revenue Equipment.
 - 4250. Purchased Transportation.
 - 4261. Road Expense.
 - 4262. Bridge, Tunnel and Ferry Tolls.
 - 4264. Other Transportation Expenses.
- 4300. Terminal Expense.
 - 4311. Terminal Employees.
 - 4314. Supplies and Expenses.
 - 4319. Repairs to Terminals and Equipment.
 - 4330. Commission Agents and Connecting Lines.
 - 4360. Collection and Delivery.
 - 4370. Local Cartage.
 - 4391. Joint Terminal Facilities—Debit.
 - 4396. Joint Terminal Facilities—Credit.
- 4400. Sales, Tariff and Advertising Expense.
 - 4410. Salaries and Expenses.
 - 4430. Tariffs and Schedules.
 - 4450. Other Sales Expenses.
 - 4470. Advertising.
- 4500. Insurance and Safety Expense.
 - 4510. Salaries and Expenses—Insurance and Safety.
 - 4520. Public Liability and Property Damage Insurance.
 - 4530. Injuries and Damages.
 - 4541. Workmen's Compensation—Insurance.
 - 4546. Workmen's Compensation—Self Insurer.
 - 4550. Cargo Insurance.
 - 4560. Cargo Loss and Damage.
 - 4570. Fire and Theft Insurance.
 - 4580. Other Insurance.

- 4600. Administrative and General Expense.
 - 4611. Salaries of General Officers.
 - 4612. Expenses of General Officers.
 - 4613. Salaries of General Office Employees.
 - 4616. Expenses of General Office Employees.
 - 4620. Law Expenses.
 - 4630. General Office Supplies and Expenses.
 - 4640. Communication Service.
 - 4651. Outside Auditing Expenses.
 - 4652. Employees' Welfare Expenses.
 - 4655. Purchasing and Store Expenses.
 - 4656. Other General Expenses.
 - 4660. Management and Supervision Fees and Expenses.
 - 4671. Franchise Requirements—Debit.
 - 4672. Franchise Requirements—Credit.
 - 4673. Other Regulatory Commission Expenses.
 - 4680. Uncollectible Revenue.
 - 4691. Joint Operating Expense—Debit.
 - 4696. Joint Operating Expense—Credit.

4100. *Equipment maintenance and garage expense.*—This account shall include the total of amounts included in accounts 4110 to 4196, inclusive.

4110. *Supervision of shop and garage.*—This account shall include the pay and expenses (including cost of operating automobiles) of officials and employees engaged in supervising and directing the repairs to revenue automotive equipment and shop and garage property used in providing motor carrier service, including superintendents, foremen (except working foremen), inspectors, shop and garage clerks, and time keepers. (See instruction 28.)

4121. *Repairs to shop and garage equipment.*—This account shall include the cost of repairs (see instructions 26 and 28) to tools, equipment and permanently located machinery used in shops and garages. (For list of equipment, see account 1241—Shop and Garage Equipment.)

NOTE A.—The cost of repairs to portable tools shall be included in account 4132—Other Shop and Garage Expenses.

NOTE B.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damages to shop and garage equipment shall be credited to this account in such manner as to be readily identifiable.

4122. *Operation and maintenance of service equipment.*—This account shall include the cost of labor, fuel, tires and supplies for the operation and the cost of repairs to service equipment, such as trouble cars and wagons, wreckers, repair trucks, snowplows, sweepers, scrapers, refueling cars, automobiles, motorcycles, or other equipment included under account 1231—Service Cars and Equipment. (See instructions 26 and 28.)

NOTE A.—The pay of employees and expenses incurred in operating snowplows, sand and salt cars, and other service equipment used in cleaning and safeguarding roads, shall be charged to account 4261—Road Expense.

NOTE B.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damage to service equipment shall be credited to this account in such manner as to be readily identifiable.

NOTE C.—When any service equipment is used in a particular operation other than maintenance, such as automobiles or motorcycles used in connection with advertising, the cost of operation of such service equipment shall be charged to the account provided for expenses of that character.

4128. *Repairs to shop and garage buildings and grounds.*—This account shall include the cost of repairs to shop and garage structures used in motor carrier operations such as shops, garages, and service stations, together with fixtures, grounds and approaches. (See instructions 26 and 28.)

Items

Changing location of partititons. (See also note A hereunder.)

Maintaining public improvements, including assessments covering such work.

Maintaining yards and grounds, including fences, shrubbery, driveways, sidewalks, platforms, and sewers.

Minor improvements to leased buildings and grounds. (See also instruction 22.)

Repainting buildings, including redecorating interiors of buildings.

Repairing building machinery, fixtures, appurtenances, and appliances, such as elevators, plumbing, and equipment for heating, lighting, and ventilating.

Repairing rented buildings and grounds.

Replacing and repairing awnings, screens, window shades and ventilators, storm doors, storm windows, movable partitions, and similar movable minor items of buildings. (See also note A hereunder.)

Replacing minor items of buildings including labor and material used and the cost of removal and recovery of the items retired less salvage recovered. (See also instruction 21 and note B hereunder.)

Restoring condition of buildings or grounds damaged or otherwise altered in the course of repairs, replacements, additions, or betterments. (See also account 2660—Insurance Reserves.)

NOTE A.—The cost of any substantial increase or decrease in partitions shall be charged or credited, as appropriate, to account 1211—Structures. When partitions of a movable type are replaced by partitions of a permanent type or vice versa, the costs involved shall be accounted for through the operating property and the depreciation reserve accounts.

NOTE B.—The cost of initial improvements (including repairs and rearrangements in the preparation for service of purchased buildings or grounds) shall be charged to account 1201—Land and Land Rights, or account 1211—Structures, as appropriate. The accounting for expenditures on property leased from others shall be as provided in instruction 22.

NOTE C.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for damages to buildings and grounds shall be credited to this account in such manner as to be readily identifiable.

4131. Light, heat, power and water for shops and garages.—This account shall include the cost of light, heat, power and water used at each shop and garage; the cost of fuel used for heating, lighting or power; also include pay and expenses of employees engaged in producing light, heat, and power. (See instruction 28.)

Items

Fuel for heating, lighting, or power used in shops and garages.

Heat purchased for shops and garages.

Light for shops and garages.

Power for battery charging or for other uses than repairs.

Wages and expenses of employees engaged in producing light, heat, and power for shops and garages.

Water.

4132. Other shop and garage expenses.—This account shall include the cost of miscellaneous shop and garage expenses, including the replacement cost (see instruction 21) of small tools, such as reamers, taps, files, hammers and all small tools of like nature; labor and material used in the repair of small tools; pay of employees engaged in receiving, issuing and distributing parts and supplies; pay of gas and oil attendants; transportation, loading and unloading charges on parts and supplies, handled in shops and garages, when not specifically assignable to such parts and supplies; and other miscellaneous labor and expenses not provided for elsewhere. (See instruction 16.)

Items

Ice and other refrigerants.

Lubricants for shop and garage machinery.

Portable hand tools of short life.

Small tools used in repairs or for general shop and garage purposes.

Snow and dust removal—Shop and garage yards.

Supplies used in cleaning and for general shop and garage purposes, such as lamps, grease, oil, waste, brushes, brooms, etc.

Other expenses in shops and garages.

4140. Repairs to revenue equipment.—This account shall include cost of repairs to revenue automotive equipment used in transportation service (for list of equipment see account 1221—Revenue Equipment.) This account shall be maintained so as to reflect separately the cost of repairs to revenue automotive equipment involved in accidents. (See instructions 26 and 28.)

NOTE A.—An accident for the purpose of this account is damage caused through the collision of a vehicle with either a stationary or moving object, or through tire failure or fire.

NOTE B.—The accounting for expenditures on motor vehicles leased from others shall be as provided in instruction 22.

NOTE C.—Amounts recovered from insurance companies or others and losses provided for in account 2660—Insurance Reserves, for repairs to motor vehicles shall be credited to this account in such manner as to be readily identifiable.

NOTE D.—The cost of repairs to equipment used in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4150. Servicing of revenue equipment.—This account shall include the pay of employees (see instruction 28) engaged in preparing revenue automotive equipment for service and of garage and shop employees other than those engaged in making repairs; the cost of supplies used and miscellaneous expenses incurred in washing, cleaning, greasing, and otherwise keeping equipment ready for service; and amounts paid to public garages for storage or servicing (including towing) of revenue automotive equipment.

Items

Garage Employees:

Cleaners.

Oilers and Greasers.

Washers.

Garage Expenses:

Battery charging (labor and distilled water).

Cleaning supplies, such as soap, sponges, brooms, brushes, cloths, rubber clothing, etc.

Graphite.

Grease.

Public garage storage charges.

Public garage servicing charges, including washing, greasing, cleaning, etc., but not repairs.

Washing vehicles.

4160. Tires and tubes—Revenue equipment.—A. This account shall include the cost of labor and material used in repairing and renewing (setting up or mounting) tires on revenue automotive equipment, including shoes, inner tubes, valves, flaps, and caps. (See instruction 28.)

B. The entire cost of tires and tubes for revenue automotive equipment purchased outright may be charged to this account at the time applied to vehicles or charged to account 1800—Prepayments, and a prorated portion charged to this account each period based on mileage or other equitable basis. If the latter method is used, adjustments of over or under charges at time of replacement shall be made through this account.

C. Credit to this account any revenues derived from the sale of used tires and tubes and any adjustments on defective tires and tubes, the cost of which has previously been debited hereto.

D. When the carrier contracts to use tires at a flat sum per period or on a basis of miles run or upon some similar basis, the charges for such tire service, including the cost of abused tires, shall be included each period in this account.

NOTE A.—The cost of tires and tubes used by service cars should be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE B.—The cost of tires and tubes for collection and delivery equipment if determinable shall be included in account 4360—Collection and Delivery.

4191. Joint garage expense—Debit.—This account shall include the carrier's proportion of costs, incurred by others in maintaining and operating joint shop and garage equipment and facilities, including overhead costs, except items chargeable to account 5340—Joint facility rents—Debit. (See definition 25 and instruction 29.)

4196. Joint garage expense—Credit.—This account shall include the amounts chargeable to others as their proportion of the costs incurred by the carrier in maintaining and operating joint shop and garage equipment and facilities,

including overhead costs, except items creditable to account 5390—Joint Facility Rents—Credit. (See definition 25 and instruction 29.)

4200. *Transportation expense.*—This account shall include the total of amounts included in accounts 4210 to 4264, inclusive.

4210. *Supervision of transportation.*—This account shall include the pay and expenses (including cost of operating automobiles) of officials and employees engaged in supervising and directing transportation service, including superintendents, dispatchers, starters, inspectors, and employees engaged in furnishing supplies to drivers of freight vehicles, or to receiving remittances, etc.; cost of light, heat, water, and refrigeration for the transportation department; and the cost of schedule or service checks. (See instruction 28.)

4220. *Drivers' and helpers' wages and bonuses.*—This account shall include the wages and bonuses of drivers of freight vehicles and helpers engaged in freight transportation service, including wages for time during which they are required to be on duty in readiness for active service. (See instruction 28.)

NOTE.—Charge to account 4360—Collection and Delivery, the wages of employees engaged in collecting freight from consignors and delivering freight to consignees when such wages can be separated from those applicable to regular inter-city operation between terminals. (See instruction 28.)

4230. *Fuel for revenue equipment.*—This account shall include the cost of gasoline, other fuel, and enriching materials used by freight equipment. Include in this account the cost of storing and handling fuel and amounts payable to others for cost of transportation.

NOTE A.—Taxes on fuel shall be charged to account 5200—Operating Taxes and Licenses.

NOTE B.—Fuel used by service cars shall be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE C.—The cost of fuel used by equipment in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4240. *Oil for revenue equipment.*—This account shall include the cost of lubricating oils used in lubricating freight equipment. Include in this account the cost of storing and handling lubricating oil and amounts payable to others for the cost of transportation.

NOTE A.—Taxes on lubricating oil shall be charged to account 5200—Operating Taxes and Licenses.

NOTE B.—The cost of lubricating oil used by service cars shall be charged to account 4122—Operation and Maintenance of Service Equipment.

NOTE C.—The cost of lubricating oil used by equipment in collection and delivery service if determinable shall be included in account 4360—Collection and Delivery.

4250. *Purchased transportation.*—A. This account shall include amounts payable to others for performing any portion of the carrier's inter-city tariff haul under contractual arrangements whereby the agreement for the compensation is based on other than actual division of tariff rates, and under arrangements whereby the expenses of the operation are borne by the hired carrier.

B. Include also payments to other carriers for transportation charges on trailers or other revenue automotive equipment either loaded or empty or for transportation of freight when such transportation is purchased by the reporting carrier to complete any portion of its inter-city tariff haul. Subdivisions of this account shall be kept so as to reflect separately:

- (1) Purchased Transportation—Motor Carrier.
- (2) Other Purchased Transportation.

4261. *Road expense.*—This account shall include the cost to the carrier of labor and material used in sanding roadways, spreading ashes or the removal of snow and ice, and otherwise cleaning and safeguarding roads, whether done by the carrier or otherwise. This includes the cost of tools and materials used in this work, including the cost of delivering such materials; wages of men operating snowplows, sweepers, tractors, scrapers, etc.; amounts paid to others for

removing snow and ice; and other supplies and expenses, such as meals for crews engaged in removing snow and ice. (See instruction 28.)

NOTE.—The cost of repairs to equipment used in snow removal shall be included in account 4122—Operation and Maintenance of Service Equipment.

4262. *Bridge, tunnel and ferry tolls.*—This account shall include tolls at rates per ton, per vehicle, or other basis for the use of bridges, tunnels and ferries by revenue automotive equipment in transportation service.

4264. *Other transportation expenses.*—This account shall include carrier transportation expenses not provided for in other accounts in the transportation group.

Items

Alcohol and other non-freezing preparations.
Badges for employees.
Fines for traffic violations.
Fire extinguisher supplies (for freight equipment).
Ice and other refrigerants (for freight equipment).
Lamps, bulbs and carbon (for freight equipment).
Lodging for drivers and miscellaneous transportation employees.
Meals for drivers and miscellaneous transportation employees.
Pads.
Poles.
Ropes.
Secret service inspections.
Skids.
Stakes.
Tarpaulins.
Tire chains.

4300. *Terminal expense.*—This account shall include the total of amounts included in accounts 4311 to 4396, inclusive.

4311. *Terminal employees.*—This account shall include the pay and expenses of employees engaged in terminal operations.

Items

Checkers.
Clerks.
Janitors.
Platform laborers.
Supervisors.
Telephone and information operators.
Watchmen.
Yardmen.
4314. *Supplies and expenses.*—This account shall include the expenses incurred (exclusive of pay and expenses of terminal employees) in the operation of terminals, freight sheds, freight warehouses and other similar property used by the transportation department in connection with freight traffic, such as the cost of light, heat, power and water, ice; cost of uniforms and badges for terminal employees; cost of hand tools and implements used in handling freight matter; cost of operation or maintenance or upkeep of permanent signs designating terminals; and the cost of supplies used and amounts of other expenses incurred in operating freight terminals.

Items

Ash removal.
Badges for employees.
Cleaning supplies.
Heating or cooling, including supplies.
Laundry service, including supplies.
Lighting.
Power costs for terminals and equipment.
Snow and dust removal on terminal grounds.
Sprinkling terminal grounds.
Tools and supplies for terminal use.
4319. *Repairs to terminals and equipment.*—This account shall include the cost of repairs to company terminals, freight sheds, freight warehouses and other structures used in freight

transportation service; also include the cost of repairs to terminal furniture and fixtures (but not equipment used in general offices) and carts, electric motor trucks, platform trucks, scales and loading platforms and other items of a similar character used in terminals in conducting freight transportation service.

4330. Commission agents and connecting lines.—This account shall include the amounts paid to others on a commission or guaranteed basis for the solicitation and handling of freight. Include also the amounts allowed to the operators of commission terminals, or to connecting lines for expenses such as advertising, rent, light, heat, power and water, telephone and telegraph service and items of a similar nature. This account shall be subdivided to reflect:

- (1) Commission Agents.
- (2) Connecting Lines.

4360. Collection and delivery.—A. This account shall include the wages of drivers and helpers of trucks used in collecting freight from consignors and delivering freight to consignees, and other expenses incurred in the collection and delivery of freight. (See instruction 28.)

B. This account is intended to be used only when the expenses incurred in collection and delivery can be separated from those incurred in regular operation between terminals.

C. This account shall be subdivided to reflect separately:

- (1) Wages of drivers and helpers.
- (2) Gasoline and oil expense (not including taxes).
- (3) Tires and tubes.
- (4) Repairs and servicing of equipment.
- (5) Other assignable operation and maintenance expenses.

4370. Local cartage.—This account shall include amounts payable for collection, delivery and transfer service performed by others under contractual arrangements, whereby the agreement for the amount payable is based on other than actual division of tariff rates.

4391. Joint terminal facilities—Debit.—This account shall include the carrier's proportion of costs, incurred by others in maintaining and operating joint terminal equipment and facilities, including overhead costs, except items chargeable to account 5340—Joint Facility Rents—Debit. (See definition 25 and instruction 29.)

4396. Joint terminal facilities—Credit.—This account shall include the amounts chargeable to others as their proportion of the costs, incurred by the carrier in maintaining and operating joint terminal facilities, including overhead costs, except items creditable to account 5390—Joint Facility Rents—Credit. (See definition 25 and instruction 29.)

4400. Sales, tariff and advertising expense.—This account shall include the total of amounts included in accounts 4410 to 4470, inclusive.

4410. Salaries and expenses.—A. This account shall include all salaries and expenses in connection with the promotion and solicitation of traffic. This includes the salaries of officers and their assistants who are directly in charge of sales, including salaries of the sales managers; commercial, city and district agents, and their clerks and assistants.

B. This account shall also include the cost of supplies used and the amounts of expenses incurred and cost of operating automobiles by officers and their assistants who are directly in charge of sales.

NOTE.—When officers and employees whose pay is chargeable to this account are engaged in work not chargeable to sales, or have jurisdiction over this and other departments, their salaries and expenses shall be allocated to the accounts appropriate. (See instruction 28.)

4430. Tariffs and schedules.—This account shall include the salaries and expenses of officers and employees engaged in the preparation of tariffs and schedules, the cost of printing and other expenses incurred in the preparation of tariffs and schedules, including postage and transportation charges. (See instruction 28.)

4450. Other sales expenses.—This account shall include the carrier's proportion of expenses of traffic associations, including membership fees, and all other traffic and sales expenses not provided for elsewhere.

4470. Advertising.—A. This account shall include the salaries and expenses in connection with advertising for the purpose of securing traffic, such as may be incurred in the preparation, printing and distribution of advertising matter.

B. This account shall also include the salaries and expenses of employees preparing advertising copy; the commissions paid outside advertising agents; cost of printing, publishing, and other advertising matter; the cost of advertising space in newspapers and periodicals; expenses incurred in connection with radio broadcasting for the purpose of securing traffic; electric, neon and display signs, (permanent or portable), for attracting traffic, bulletin boards, cards, cases, display cards and photographs; postage and express charges on advertising matter; cost of bill posting and similar expenses. (See instruction 28.)

NOTE.—Cost of operation and maintenance of permanent signs designating a station or terminal shall be included in account 4314—Supplies and Expenses.

4500. Insurance and safety expense.—This account shall include the total of amounts included in accounts 4510 to 4580, inclusive.

4510. Salaries and expenses—Insurance and safety.—A. This account shall include the following items:

(1) Salaries and wages, traveling and office expenses of officers, clerks and other employees of the insurance department, and special costs incurred in procuring insurance, such as brokerage fees (not included in premiums), notarial fees, and insurance inspection service.

(2) Salaries and expenses of safety department, cost of safety-first and other campaigns among employees or the public for the purpose of preventing accidents and damages.

(3) Salaries and expenses of officers and employees engaged regularly in claim department work; payments for the service of employees and others called in consultation in relation to claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and law suits.

(4) Salaries and expenses of officers and employees of the law department when specifically assigned to and engaged in injury and damage cases, and expenses of such officers and employees incurred on such cases when incidentally so engaged.

(5) Payment to attorneys, investigators, adjusters, etc., who are not regular employees of the carrier for services and expenses in connection with injury and damage cases.

(6) Cost of operating automobiles used by employees whose pay is charged to this account.

B. Reimbursements from insurance companies or others for expenses charged to this account on account of injuries and damages shall be credited to this account.

NOTE.—No part of the salaries of officers and employees of the law department shall be included in this account for merely incidental service in connection with injury and damage claims.

4520. Public liability and property damage insurance.—This account shall include premiums payable to outside insurance companies for protection against liability to the public for injuries to persons and damages to the property of others, resulting from its operation of owned and leased vehicles in motor carrier service. (See instruction 27.)

NOTE A.—Premiums for insurance on property entrusted to the carrier for transportation or storage shall be included in account 4550—Cargo Insurance.

NOTE B.—Amounts payable in settlement of claims for bodily injury or property damage which are not recoverable from insurance companies and for which the carrier has not provided self-insurance shall be charged to account 4530—Injuries and Damages.

4530. Injuries and damages.—This account shall be charged each period with amounts sufficient to meet the probable liability, not covered by outside insurance, for deaths of or

injuries to persons (other than employees—see account 4546—Workmen's Compensation—Self Insurer) and damages to the property of others (except property intrusted to the carrier for transportation or storage—see account 4560—Cargo Loss and Damage) resulting from the operation of owned and leased vehicles in motor carrier service. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims for injuries to persons and damage to property of others which are not recoverable from insurance companies or for which self-insurance has not been provided.

NOTE.—Payments to or on behalf of employees other than those covered by Workmen's Compensation insurance, including accident and death benefits; salaries; hospital expenses; medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., when provided for through a plan for employees' benefits, shall be charged to account 4652—Employees' Welfare Expenses.

4541. *Workmen's compensation—Insurance.*—This account shall include premiums payable to outside insurance companies for protection against liability for injuries to or deaths of employees payable under the provisions of Workmen's Compensation Acts. (See instruction 27.)

NOTE.—Amounts payable in settlement of claims under the provisions of Workmen's Compensation Acts which are not recoverable from insurance companies shall be charged to account 4546—Workmen's Compensation—Self Insurer.

4546. *Workmen's compensation—Self insurer.*—This account shall be charged each period with amounts sufficient to meet the probable liability not covered by outside insurance, on account of claims for injuries to and deaths of employees arising under the Workmen's Compensation Acts. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims which are not recoverable from insurance companies or for which self insurance has not been provided.

NOTE.—Payments to or on behalf of employees other than those covered by Workmen's Compensation insurance, including accident and death benefits; salaries; hospital expenses; medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., when provided for through a plan for employees' benefits, shall be charged to account 4652—Employees' Welfare Expenses.

4550. *Cargo insurance.*—This account shall include premiums payable to outside insurance companies to indemnify the carrier against costs and expenses incurred through loss of and damage to freight intrusted to the carrier for transportation or storage. (See instruction 27.)

NOTE.—Amounts payable in settlement of claims for loss of or damage to property intrusted to the carrier for transportation or storage which are not recoverable from insurance companies and for which the carrier has not provided self-insurance shall be included in account 4560—Cargo Loss and Damage.

4560. *Cargo loss and damage.*—This account shall be charged each period with amounts sufficient to meet the probable liability, not covered by outside insurance, on account of loss, destruction, damage, or delay to property intrusted to the carrier for transportation or storage. (See instruction 27.) This account shall also be charged with amounts payable in settlement of claims which are not recoverable from insurance companies or for which self-insurance has not been provided.

NOTE.—Any provision or amounts payable for injuries or damages to employees and others, or amounts payable on account of damages to the property of others not intrusted to the carrier for transportation or storage shall be included in account 4530—Injuries and Damages.

4570. *Fire and theft insurance.*—A. This account shall include premiums payable to outside insurance companies for fire and theft insurance in owned and leased vehicles and for fire insurance on structures, machinery, and equipment used in motor carrier operations. (See instruction 27.)

B. In case a carrier shall carry its own fire and theft insurance risks; it shall charge to this account each period an amount sufficient to meet the probable loss, and shall credit the amount so charged to account 2660—Insurance Reserves.

C. This account shall be charged with losses arising under the classes of risks enumerated in paragraph A above, which are not recoverable from insurance companies and for which the carrier has not provided self-insurance.

NOTE.—Recoveries from insurance companies or others for damages to the carrier's owned or leased property shall be accounted for as provided in paragraph B of account 2660—Insurance Reserves.

4580. *Other insurance.*—A. This account shall include premiums paid to outside insurance companies for boiler; burglar; fidelity; holdup; lightning; plate glass; owners, landlords and tenants liability; and other forms of insurance coverage not elsewhere provided for. (See instruction 27.)

B. In case a carrier shall carry its own insurance risks for the classes of coverage enumerated in paragraph A above, it shall charge to this account each period an amount sufficient to meet the probable loss and shall credit the amount so charged to account 2660—Insurance Reserves.

C. This account shall be charged with losses arising under the classes of risks enumerated in paragraph A above, which are not recoverable from insurance companies and for which the carrier has not provided self-insurance.

NOTE.—The cost of life insurance on the lives of officers and other employees of the carrier whereunder the carrier is the beneficiary shall be charged to account 7500—Other Deductions. Cash surrender values of such policies shall be carried in account 1650—Other Investments and Advances.

4600. *Administrative and general expense.*—This account shall include the total of amounts included in accounts 4611 to 4696, inclusive.

4611. *Salaries of general officers.*—This account shall include the salaries, bonuses and other forms of consideration for services of general officers whose jurisdiction extends over the entire transportation system of the carrier; and fees payable to receivers. As here used, the term "General Officers" would ordinarily include the following:

Chairman of the Board.
President.
Vice-President.
Treasurer.
Secretary.
Comptroller.
General Auditor.
General Manager.

NOTE A.—Do not include in this account amounts payable to organizations for services chargeable to account 4660—Management and Supervision Fees and Expenses.

NOTE B.—If officers and assistants supervise particular departments of carrier operations, or other operations, or are engaged in specific work other than supervision of the entire transportation system, their pay and expenses shall be apportioned to the appropriate accounts for carrier operations or other operations. (See instruction 28.)

4612. *Expenses of general officers.*—This account shall include expenses incurred, including cost of operating automobiles, for the benefit of motor carrier operations by administrative officers (as defined in account 4611) such as traveling, and other incidental expenses.

Items

Hotel.
Meals.
Membership fees and dues in trade, technical and professional associations.
Traveling expenses.

NOTE.—Expenses in connection with operating the general offices of the carrier shall be included in account 4630—General Office Supplies and Expenses.

4613. *Salaries of general office employees.*—This account shall include the salaries (see instruction 28), bonuses and other forms of consideration for services of employees who are engaged in the general administrative offices of the carrier and whose services are not chargeable to any other department or to other operations, including the following:

Accountants.
Bookkeepers.
Cashiers.

Clerks.
Engineers.
Janitors.
Messengers.
Paymasters.
Statisticians.
Stenographers.
Traveling Auditors.

4616. *Expenses of general office employees.*—This account shall include the expenses incurred, including cost of operating automobiles, for the benefit of motor carrier operations by employees whose salaries are included in account 4613—Salaries of General Office Employees.

Items

Hotel.
Meals, including payment therefor on account of overtime work.
Membership fees and dues in trade, technical and professional associations.
Traveling expenses.

4620. *Law expenses.*—This account shall include, except as provided for elsewhere, the pay and expenses of officers, assistants, office forces, and other employees of the law department; fees and retainers, supplies, and expenses of attorneys not regularly employed; court costs; and supplies and expenses of the law office.

Items

Salaries:

Attorneys and assistants.
Clerks.
Counsel.
Law clerks.
Special counsel.
Other employees of law department.

Expenses:

Building service.
Cost of law suits.
Cost of operating automobiles.
Cost of preparing and printing agreements, briefs, reports, etc.
Court costs.
Court fees.
Law books, periodicals and subscriptions to special services.
Law expenses of receivers.
Legal forms, and law office supplies, postage and stationery.
Meals, including payment therefor on account of overtime work.
Payments to attorneys who are not regular employees.
Premiums on court and other bonds.
Printing.
Tax reports, claims, etc., when handled by legal staff.
Transcripts of testimony, copies of exhibits, etc.
Traveling expenses of attorneys, witnesses, etc.
Witness fees.

NOTE A.—The pay of law department officers and employees engaged in formal cases before regulatory commissions, or in cases in which such a commission is a party, or when specifically assigned to injury and damage cases, shall be charged to account 4673—Other Regulatory Commission Expenses, account 4510—Salaries and Expenses—Insurance and Safety, or other appropriate account. (See instruction 28.)

NOTE B.—Law expenses incident to the purchase and construction of carrier operating property or the acquisition of certificates from Federal or State Commissions or securing from local authorities franchises or consents with a life of more than one year shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. Law expenses incident to the issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4630. *General office supplies and expenses.*—This account shall include the cost of office supplies and the office expense

in connection with the general administrative functions of the carrier's motor carrier operations.

Items

Books.
Cleaning office.
Drinking water and refrigeration.
Heat and light.
Janitor service.
Letterheads and envelopes.
Paper.
Pens, pencils, ink, fasteners and office supplies.
Postage.
Printing forms for office use.
Repairs to general office buildings, furniture, fixtures and equipment.
Stationery and office supplies.
Subscriptions to newspapers, periodicals and clipping bureaus.
Towels.
Typewriter supplies.
Waste baskets.

4640. *Communication service.*—This account shall include the cost of all communication service payable to outside companies, such as telephone, teletypewriter, telegraph, radio, etc.

NOTE.—Taxes on telegrams and telephone tolls shall be charged to account 5200—Operating Taxes and Licenses.

4651. *Outside auditing expenses.*—This account shall include amounts paid as fees for auditing and accounting services rendered by individuals or firms other than carrier's employees.

NOTE.—The fees of independent auditors and accountants in preparing financial and other statements incident to the issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4652. *Employees' welfare expenses.*—A. This account shall include pensions or other benefits paid to active and retired employees, their representatives or beneficiaries, and salaries and expenses incurred in conducting relief, benefit and general medical departments. It shall include payments to or on behalf of employees on account of injuries or accidental death when such payments come within the scope of a carrier's general provision for employees' benefits.

B. If the carrier has definitely undertaken by contract to pay pensions to employees when regularly retired for superannuation or disability and has established a fund to be held in trust for such pension purposes, the carrier shall charge to this account periodic amounts determined through the application of equitable actuarial factors to the current payrolls, which, together with interest accruals on trust funds, will, as nearly as may be practicable, provide for the payment of such pensions, or for the purchase of annuities corresponding thereto. The amounts so charged shall be concurrently credited to a separate subdivision of account 2690—Other Reserves. The total of actual payments and accruals for future payments charged to this account for pensions, shall not exceed the amounts determined as hereinbefore prescribed. The carrier shall maintain a complete record of the actuarial computations through which the accrual each period of its pension liabilities is established.

C. Upon the adoption of the accrual plan of accounting, pension payments to employees retired before the adoption of such plan shall be charged to an existing pension reserve or to account 2946—Other Debits to Surplus. If a carrier pays into its pension trust fund the amount of its existing pension reserve, any such amounts in excess of provision for pensions granted prior to the adoption of the accrual plan may be applied in whole or in part to the adjustment of future accrual charges.

D. Before adopting the accrual plan of accounting for pensions, the carrier shall inform the Commission of the details of its pension plan, giving full statement of the facts which

in its judgment establish a contractual obligation for pension payments, together with the actuarial formula under which it proposes to create its pension trust fund, and also a copy of the declaration of trust under which the fund is to be established.

E. No charges shall be made to this account in anticipation of discretionary pension payments in the future.

Items

Accident, sickness, death, and other disability benefits to employees, their representatives or beneficiaries.

Employees of relief, benefit, and general medical departments, pay and expenses of.

Expenses in connection with employees' disability cases, such as hospital, nursing, and medical attendance.

Fees and retainers for medical and similar services incurred by relief, benefit, and general medical departments, Medical service.

Office supplies.

Postage, printing and stationery.

Premiums paid for group insurance for the benefit of employees or their beneficiaries.

Traveling expenses.

NOTE.—The cost of life or other insurance whereunder the carrier is the beneficiary shall be charged to account 7500—Other Deductions. Cash surrender values of such policies shall be carried in account 1650—Other Investments and Advances.

4655. *Purchasing and store expenses.*—A. This account shall include salaries and expenses of purchasing agents, and their assistants, whose jurisdiction extends over all purchases such as parts, gasoline and other fuel, stationery supplies, etc.

B. This account shall include credits for cash and other discounts when it is not practicable to apply such discounts directly to the cost of materials to which they relate.

C. This account shall include such differences from inventory adjustments which have not been otherwise apportioned in accordance with note B under account 1180—Material and Supplies.

NOTE A.—Suitable proportions of items included in this account may be allocated to the cost of materials and supplies. (See instruction 19.)

NOTE B.—See also instruction 16 with reference to Clearing Accounts which may be maintained.

4656. *Other general expenses.*—A. This account shall include all general expenses connected with motor carrier operations not provided for elsewhere including fees and expenses payable to directors and trustees; expenses in connection with publishing and mailing reports and notices to stockholders, etc.; cash overages and shortages and fees for filing annual reports and other documents not specifically related to certificates or applications for issuance of securities.

B. This account shall include contributions for charitable, social or community welfare purposes which have a direct or intimate relation to the protection of the property of the carrier or the development of its business or the welfare of its employees. (See account 7500—Other Deductions.)

NOTE.—Direct contributions to employees' welfare associations shall be included in account 4652—Employees' Welfare Expenses.

4660. *Management and supervision fees and expenses.*—A. This account shall include fees and expenses payable to any corporation, firm or individual, other than officers and employees of the carrier, for continuously rendered supervision and management.

B. This account shall be subdivided to reflect:

(1) Management and Supervision Fees and Expenses of Associated Companies.

(2) Management and Supervision Fees and Expenses of Other Companies.

C. Records supporting this account shall be kept so as to show (1) the basis of the fees, i. e., the gross or net earnings of the carrier, if such is the basis, (2) the percentage applied in determining the fees, (3) the amount of the fee, and (4) the amount of the expenses.

4671. *Franchise requirements—Debit.*—A. This account shall include the total cost to the carrier in connection with payments to governmental authorities in compliance with franchises, ordinances or similar requirements, except taxes and license fees, provided, however, that the carrier may charge this account with the amounts based on regular tariff rates, of intrastate transportation furnished without charge under provisions of franchises.

B. When no direct outlay is involved concurrent credit for such charges shall be to account 4672—Franchise Requirements—Credit.

4672. *Franchise requirements—Credit.*—This account shall include concurrent credits for charges which are made to account 4671—Franchise Requirements—Debit, to the extent that such charges do not represent direct outlays.

4673. *Other regulatory commission expenses.*—A. This account shall include expenses incurred by the carrier in connection with formal cases before Federal or State regulatory bodies or cases in which such a body is a party also, include payments made to a regulatory commission for fees or amounts assessed against the accounting carrier for pay and expenses of the regulatory commission, its officers, agents and employees, other than those incurred in securing certificates of convenience and necessity and authority for the issuance of securities.

B. Amounts includible in this account which by approval or direction of the Commission are to be spread over future periods shall be charged to account 1890—Other Deferred Debts, and amortized by charges to this account.

Items

Fees, retainers, and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses, and others whose services are secured for the defense or prosecution of petitions or complaints presented to regulatory bodies.

The pay of officers and employees specifically assigned to or engaged in the valuation of property owned or used by the carrier, in connection with such cases, and the cost of similar work performed by others.

Amounts assessed by Federal and State regulatory commissions for pay and expenses of their officers, agents, and employees; office and traveling expenses; stationery, printing and engineering supplies; and other expenses and supplies including expenses of officers and employees upon matters covered by this account even though no portion of their pay is assignable hereto.

NOTE A.—Expenses incurred for the improvement of service, for additional inspection, or rendering reports which are made necessary by the rules and regulations, or orders, of regulatory bodies, shall be charged to the appropriate operation and maintenance expense accounts.

NOTE B.—Expenses incident to securing certificates of convenience and necessity shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. Expenditures incident to securing authorization for issuance of long-term debt or capital stock shall be charged to account 1880—Unamortized Debt Discount and Expense, account 2400—Unamortized Premium on Debt, or account 1910—Commission and Expense on Capital Stock, as appropriate.

4680. *Uncollectible revenues.*—A. This account shall include charges for receivables for carrier operating revenues which, after a reasonably diligent effort to collect, have proved impracticable of collection. If accounts which have been so written off are afterwards collected, the amount received shall be credited to this account, provided, however, that such recoveries are from accounts charged off against this account.

B. Charges to this account may be made on the basis of the estimated average loss due to uncollectible accounts in which case the concurrent credit shall be to account 2650—Reserve for Uncollectible Accounts. To the reserve thus established shall be charged such amounts as are determined to be uncollectible; amounts written off and subsequently collected shall be credited to the reserve. When charges to such accounts are thus made by estimate, the estimate shall be adjusted at the end of each calendar year to conform to

the experience of the accounting carrier as determined by analysis of its accounts receivable.

NOTE.—Losses on receivables for other than operating revenues, and losses on notes or claims, shall be included in account 7500—Other Deductions.

4691. *Joint operating expense—Debit.*—This account shall include amounts payable to others representing the cost of operation and maintenance of joint facilities used for general purposes, such as a general office, or where amounts payable can not be segregated between the functional groups of expense accounts provided herein. (See instruction 29.)

4696. *Joint operating expense—Credit.*—This account shall include amounts received by the accounting carrier as reimbursement for operating and maintenance costs incurred by it in connection with a joint facility used for general purposes such as a general office or when the amounts received can not be segregated between the functional groups of expense accounts provided herein. (See instruction 29.)

DEPRECIATION EXPENSE

5000. *Depreciation expense.*—A. This account shall include the amount of depreciation charges applicable to the accounting period for all classes of depreciable carrier operating property, including improvements to leased property, if any, as provided in instruction 25. The amounts charged to this account shall be concurrently credited to account 2500—Reserve for Depreciation—Carrier Operating Property.

B. The following subdivisions of this account shall be maintained to reflect the amount of depreciation charges on each class of property and the necessary depreciation adjustment on carrier operating property at the time it is retired from service as provided in instruction 21 (see definition 33):

- 5011. Depreciation of Structures.
- 5021. Depreciation of Revenue Equipment.
- 5031. Depreciation of Service Cars and Equipment.
- 5041. Depreciation of Shop and Garage Equipment.
- 5051. Depreciation of Furniture and Office Equipment.
- 5061. Depreciation of Miscellaneous Equipment.
- 5071. Depreciation of Improvements to Leasehold Property.
- 5081. Depreciation of Undistributed Property.
- 5091. Depreciation Adjustment.

AMORTIZATION EXPENSE

5100. *Amortization chargeable to operations.*—This account shall include the total of the amounts included in accounts 5110 and 5120:

5110. *Amortization of carrier operating property.*—This account shall include the amount of the amortization charges applicable to the accounting period for amounts carried in account 1501—Organization, account 1511—Franchises, and account 1541—Patents, for fixed-term franchises, licenses, and patent rights; for fixed-term interest in land and land rights (account 1201), for losses incurred or expected to be incurred through the reversion of improvements on leased property to the lessor prior to the expiration of their service lives (account 1271), and for losses expected to be incurred through reversion of property to a state, municipality, or other governmental body, or otherwise, at no compensation to the carrier, before the expiration of the service lives of such property. Such charges shall be computed so as to distribute the book cost of each item evenly throughout its service life to the carrier. (See also account 2600—Reserve for Amortization—Carrier Operating Property.)

5120. *Property loss chargeable to operations.*—This account shall be concurrently charged with amounts credited to account 1890—Other Deferred Debits, for the amortization of property abandoned or for extraordinary property losses carried in that account, when such amounts are authorized to be amortized from that account by charges to operations. This account shall also be charged with losses on abandoned

property and extraordinary property losses from carrier operations which are charged off at the time of their occurrence.

NOTE.—The carrier shall not make any charges to this account except upon approval by the Commission.

TAXES AND LICENSES

5200. *Operating taxes and licenses.*—A. This account shall include the amount of Federal, state, county, municipal and other taxing-district taxes (except as provided for in account 8000—Provision for Income Taxes), which relate to carrier property, operation and privileges for the period covered by the income account.

B. When it is not possible to determine the actual taxes, suitable estimates shall be made and the proportion of the amount estimated, which is applicable to the accounting period, shall be charged to this account and concurrently credited to account 2120—Taxes Accrued, or account 1800—Prepayments, as appropriate. When the actual tax levies become known the amounts included in this account on an estimated basis shall be adjusted.

C. Taxes on property leased from others for use in motor carrier operations, when the lessee is obligated under the terms of the lease to pay such taxes in addition to stipulated rent, shall be included in this account.

D. The records shall be kept so as to show separately the amount of each class of tax included in this account, and the basis on which it is levied, as follows:

- (1) Gasoline, Other Fuel, and Oil Taxes.
- (2) Public Utility Taxes and Licenses.
- (3) Other Licenses.
- (4) Corporation Taxes.
- (5) Real Estate and Personal Property Taxes (or Gross Receipt Taxes).
- (6) Social Security Taxes.
- (7) Federal and State Capital Stock Taxes and Stock Transfer Taxes.
- (8) Federal Excise Taxes.
- (9) Other Taxes.

NOTE A.—Filing fees accompanying applications to regulatory bodies for certificates shall be charged to the appropriate subdivision of account 1500—Organization, Franchises and Permits. (See also account 4656.)

NOTE B.—Special assessments for street or other improvements and fees or charges, sometimes called taxes, such as water taxes, street sprinkling and sidewalk repairs, which are payments for some specific service rendered by the government, should be charged to the appropriate property investment or maintenance accounts. (See note B, account 1201—Land and Land Rights.)

NOTE C.—Taxes on non-operating property shall be charged to the account to which the revenue of such property is credited.

NOTE D.—Taxes on property leased to others shall be charged to the account to which the rent revenue is credited.

NOTE E.—Taxes assumed by the carrier on bond and note interest shall be charged to account 7200—Taxes Assumed on Interest.

NOTE F.—Taxes received in the sale of gasoline and oil shall be credited to this account.

NOTE G.—Taxes paid on original issues of capital stock shall be included in account 1910—Commission and Expense on Capital Stock.

NOTE H.—Amounts received by the carrier in reimbursement of taxes on property operated as a joint facility (see definition 25) shall be credited to account 5390—Joint Facility Rents—Credit. Payments to other carriers for a portion of taxes on joint facilities shall be charged to account 5340—Joint Facility Rents—Debit.

NOTE I.—Sales taxes on material purchases, except gasoline, other motor fuel and motor oil, shall be included in the cost of material.

OPERATING RENTS

5300. *Operating rents—Net.*—This account shall include the net total of amounts included in accounts 5310 to 5390, inclusive. (See instruction 30.)

5310. *Equipment rents—Debit.*—This account shall include the amounts payable for use of automotive equipment on whatever basis such rent may be determined. All expenses incurred in connection with the operation of leased equipment which the lessee is obligated to assume in addition to

the amount stipulated as rent, shall be included in the operation and maintenance or other accounts as appropriate.

NOTE.—Amounts payable for rental of equipment included in the lease of a distinct operating unit shall be charged to account 5400—Rent for Lease of Carrier Property—Debit.

5320. *Other operating rents—Debits.*—This account shall include all rental payments for the use of property employed in motor carrier operations not provided for elsewhere, such as:

- (1) Rent for shop and garage space
- (2) Rents paid for use of property by the transportation department
- (3) Rents paid for use of terminals and stations
- (4) Rents paid for use of property by the traffic and solicitation department
- (5) Rents paid for use of the general office

NOTE.—Rental payments for property not used in transportation operations shall be charged to the appropriate Other Income account.

5340. *Joint facility rents—Debit.*—This account shall include amounts payable to other carriers as their proportion of rent, including taxes and depreciation, for the use of property under a joint facility arrangement. (See definition 25 and instruction 29.)

5350. *Equipment rents—Credit.*—This account shall include amounts receivable for use of automotive equipment on whatever basis such rent may be determined.

NOTE.—Amounts receivable for rental of equipment included in the lease of a distinct operating unit shall be credited to account 5500—Income from Lease of Carrier Property—Credit.

5360. *Rent from owned land and structures.*—This account shall include the rent from land and structures, the cost of which is included in accounts 1200—Carrier Operating Property, and 1300—Carrier Operating Property Leased to Others, except joint facilities.

NOTE.—Rent from subleases of property rented from others shall be included in account 5370—Sublease Rental Income.

5370. *Sublease rental income.*—This account shall include rents receivable from subleases of carrier operating property rented from others.

5390. *Joint facility rents—Credit.*—This account shall include amounts receivable from other carriers as their proportion of rent, including taxes and depreciation, for the use of property under a joint facility arrangement. (See definition 25 and instruction 29.)

LEASE OF CARRIER PROPERTY

5400. *Rent for lease of carrier property—Debit.*—This account shall include amounts payable, for rent of property constituting a distinct operating unit (see definition 24 and instruction 30) or system leased from others for use in motor carrier operations when the carrier has exclusive possession.

NOTE.—Taxes payable upon leased property, assumed by the lessee, shall be included in account 5200—Operating Taxes and Licenses.

5500. *Income from lease of carrier property—Credit.*—A. This account shall include amounts receivable for rent of property constituting a distinct operating unit (see definition 24 and instruction 30) or system leased by the carrier to others for motor carrier operations where the lessee has exclusive possession.

B. This account shall include as a deduction from rent revenue, expenses such as repairs, depreciation, insurance, and taxes assumed by the lessor; uncollectible rents, etc., in connection with the property leased.

C. This account shall be divided to show separately for each lease the following:

- (1) Rent Revenue.
- (2) Expenses.
- (3) Depreciation and Amortization.
- (4) Taxes.
- (5) Uncollectible Rents.

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OTHER INCOME

6000. *Net income from non-carrier operations.*—A. This account shall include the revenues from and expenses incurred in the operation of property, the investment in which is carried in account 1400—Non-Carrier Operating Property.

B. This account shall be subdivided to reflect separately:

- (1) The total revenues derived from non-carrier operating property operations.
- (2) The total expenses incurred in non-carrier operating property operations.

NOTE A.—The expenses referred to include every element of cost incurred in such operations including depreciation, rents, taxes, and insurance.

NOTE B.—Each carrier may adopt its own classification of revenue and expenses for this account. The classification shall be such, however, as to permit ready analysis of the revenue and expense.

6100. *Net income from non-operating property.*—A. This account shall include all rent revenues from land, buildings, and other property not devoted to transportation operations, the book cost of which is included in account 1450—Non-Operating Property.

B. This account shall include as a deduction from rent revenue, expenses such as repairs, depreciation, amortization, taxes, uncollectible rents, insurance, etc., in connection with the property leased.

C. This account shall be subdivided to show separately for each lease the following:

- (1) Rent revenue.
- (2) Expenses.
- (3) Depreciation and amortization.
- (4) Taxes.
- (5) Uncollectible rents.

6200. *Interest income.*—A. This account shall include interest accruing to the accounting carrier upon securities of other companies and Federal, State, or municipal governments, on loans, notes, and advances; special deposits and all other interest bearing assets, including simple interest charged to property during its construction. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases, credits to this account shall be based upon the interest actually collected.

B. This account shall be kept so as to show separately the interest income from each investment and from each associated company.

NOTE A.—No interest upon reacquired securities issued or assumed by the accounting carrier shall be credited to this account.

NOTE B.—Interest accrued on securities of other companies held in sinking or other special funds shall be credited to account 6400—Income from Sinking and Other Funds.

6300. *Dividend income.*—A. This account shall include revenue derived by the accounting carrier from the dividends on stocks of other companies held by it. Accruals of guaranteed dividends may be included in this account if the payment is reasonably assured.

B. This account shall be kept so as to show separately the dividend income from each investment and from each associated company.

NOTE.—No dividends on reacquired securities issued by the carrier shall be credited to this account.

6400. *Income from sinking and other funds.*—This account shall include all revenues (whether interest or dividends) accrued on cash, securities (not issued or assumed by the accounting carrier) or other assets held in sinking fund and other special funds.

NOTE.—This account covers all income from investments of special funds, whether required to be retained in the fund or not. If such income is required to be retained in the fund and the fund required to be represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account 2944—Appropriations to Reserves.

6500. *Other non-operating income.*—This account shall include all income accrued to the accounting carrier in accordance with the terms of any contract by which the carrier is entitled to participate in the profits from the operations of others and all other non-operating income not provided for in any of the foregoing accounts.

NOTE.—“Profits from the operations of others” does not include any dividends on stock. Revenues from dividends shall be credited to account 6300—Dividend Income, or to account 6400—Income from Sinking and Other Funds, as appropriate.

INCOME DEDUCTIONS

7000. *Interest on long-term obligations.*—A. This account shall include all interest accrued on unmatured outstanding long-term obligations issued or assumed by the accounting carrier; also interest accrued on debentures and on receivers' certificates which mature more than one year after date of issue. This account does not include interest on securities held by the accounting carrier in its treasury, in sinking or other special funds, or pledged as collateral.

B. This account shall be kept so as to show the interest expense (accrual) on each of the following classes or subdivisions of long-term obligations:

- (1) Equipment Obligations.
- (2) Advances.
- (3) Bonds.
- (4) Other Long-Term Obligations.

7100. *Other interest deductions.*—This account shall include interest on all short-term obligations of the accounting carrier, such as notes or loans for terms of less than one year, unpaid taxes, or other accounts payable, etc., and also interest on matured long-term obligations.

7200. *Taxes assumed on interest.*—This account shall include amounts paid to holders of the bonds or other indebtedness of the carrier in reimbursement of income and other taxes levied against income from such obligation or levied as a tax for ownership of the obligation, where the mortgage, indenture, or other instrument provides for payment of such taxes by the carrier.

7300. *Amortization of debt discount and expense.*—This account shall include for any period that proportion of the unamortized discount and expense on outstanding long-term debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and maturity of any debt will completely amortize the discount at which such debt was issued and the debt expense connected therewith. Amounts charged to this account shall be concurrently credited to account 1830—Unamortized Debt Discount and Expense. (See also instruction 13.)

7400. *Amortization of premium on debt—Credit.*—This account shall include the proportion of the premium at which outstanding long-term debt was issued which is applicable to each period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issuance and the maturity of any debt will completely amortize the premium at which such debt was issued. Amounts credited to this account shall be concurrently charged to account 2400—Unamortized Premium on Debt. (See instruction 13.)

7500. *Other deductions.*—This account shall include all deductions from gross income not provided for in any of the foregoing accounts, such as:

(1) Unsecured accruals on obligations arising under contracts whereby the accounting carrier has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person, the liability of the accounting carrier has become actual.

(2) Losses resulting from the operations of others, whenever, in accordance with the terms of any contract, the

accounting carrier is bound to contribute toward reimbursement of such losses.

(3) Losses on receivables, notes or claims which are not includible in account 4680—Uncollectible Revenues.

(4) Amortization charges of the book value of property included in account 1550—Other Intangible Property, and other items carried among its assets.

(5) Contributions for charitable, social or community welfare purposes which do not have a direct or intimate relation to the protection of the property, development of the business or welfare of employees. (See account 4656—Other General Expenses.)

(6) Penalties and fines for violations of law not provided for in account 4264—Other Transportation Expenses.

(7) Premiums for life insurance carried on the lives of officers and employees when the carrier is the beneficiary.

INCOME TAXES

8000. *Provision for income taxes.*—This account shall include charges for the year classifiable in accounts 8010 to 8060, inclusive.

8010. *Federal income tax.*—Charge this account each period on an estimated basis with the amount accrued for Federal Income Tax, concurrently crediting account 2120—Taxes Accrued.

8020. *Federal excess profits tax.*—Charge this account each period on an estimated basis with the amount accrued for Federal Excess Profits Tax, concurrently crediting account 2120—Taxes Accrued.

8030. *Federal surtax on undistributed profits.*—Charge this account on an estimated basis with the amount accrued for Federal Surtax on Undistributed Profits, concurrently crediting account 2120—Taxes Accrued.

8040. *Other Federal income taxes.*—Charge this account each period on an estimated basis with the amount accrued for other Federal Income Taxes, concurrently crediting account 2120—Taxes Accrued.

8050. *State income taxes.*—Charge this account each period on an estimated basis with the amount accrued for State Income Taxes, concurrently crediting account 2120—Taxes Accrued.

8060. *Other income taxes.*—Charge this account each period on an estimated basis with the amount accrued for all other income taxes, not provided for in the foregoing accounts, concurrently crediting account 2120—Taxes Accrued.

Form of Income Statement

I. Carrier Operating Income:

Revenues:

3000. Operating Revenues.....

Expenses:

4000. Operation and Maintenance Expenses.....

5000. Depreciation Expense.....

5100. Amortization Chargeable to Operations.....

5200. Operating Taxes and Licenses.....

5300. Operating Rents—Net.....

Total Expenses.....

Net Operating Revenue.....

5400. Rent for Lease of Carrier Property—Debit.....

5500. Income from Lease of Carrier Property—

Credit.....

Net Carrier Operating Income.....

II. Other Income:

6000. Net Income from Non-Carrier Operations.....

6100. Net Income from Non-Operating Property.....

6200. Interest Income.....

6300. Dividend Income.....

6400. Income from Sinking and Other Funds.....

6500. Other Non-Operating Income.....

Total Other Income.....

Gross Income.....

III. Income Deductions:

7000. Interest on Long-Term Obligations.....
 7100. Other Interest Deductions.....
 7200. Taxes Assumed on Interest.....
 7300. Amortization of Debt Discount and Expense.....
 7400. Amortization of Premium on Debt—Credit.....
 7500. Other Deductions.....

Total Income Deductions.....

Net Income before Income Taxes.....

8000. Provision for Income Taxes.....

Net Income (or Loss) Transferred to
 Earned Surplus.....

[F. R. Doc. 37-3529; Filed, December 6, 1937; 12:37 p. m.]

RURAL ELECTRIFICATION ADMINISTRATION.

ADMINISTRATIVE ORDER NO. 169

ALLOCATION OF FUNDS FOR LOANS

DECEMBER 2, 1937.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project designation:	Amount
Ohio 8083 Huron.....	\$100,000

JOHN M. CARMODY, Administrator.

[F. R. Doc. 37-3543; Filed, December 7, 1937; 9:45 a. m.]

